# Evaluation of the Effectiveness of the Operation Restore Trust Demonstration

## Contract No. 500-92-0014

## Appendixes to the Final Report

**Appendix 5:** ***Analysis of CIMS***
**Appendix 6:** ***Analysis of AIMS***
**Appendix 7:** ***Survey of Cases***
**Appendix 8:** ***Survey of Audits***

## December 22, 1997

*Not for quotation, reproduction, or distribution*

*Submitted to:*

Edward Norwood, Project Officer
Health Care Financing Administration
7500 Security Boulevard, 3-12-23
Baltimore, MD 21244-1850

*Submitted by:*

Abt Associates Inc.
55 Wheeler Street
Cambridge, MA 02138

**Abt Associates Inc.**

55 Wheeler Street
Cambridge, Massachusetts
02138-1168

617 492-7100 *telephone*
617 492-5219 *facsimile*

Hampden Square, Suite 500
4800 Montgomery Lane
Bethesda, Maryland
20814-5341

301 913-0500 *telephone*
301 652-3618 *facsimile*

640 North LaSalle Street
Suite 400
Chicago, Illinois
60610-3781

312 867-4000 *telephone*
312 867-4200 *facsimile*

# Table of Contents

Appendix 5: Analysis of Data from the OIG Case Information Management System (CIMS) .... 5-1

5.0 Introduction .... 5-1

5.1 Data Source and Evaluation Design .... 5-2
5.1.1 Data Source: OI's Case Information Management System (CIMS) .... 5-2
5.1.2 Methods .... 5-3

5.2 Impact of ORT on Case Initiation .... 5-12
5.2.1 Impact of ORT on Case Volume .... 5-12
5.2.2 Changes in Volume by State .... 5-15
5.2.3 Estimate of Possible Spillover and Diversion of ORT Effects .... 5-20
5.2.4 Impact of ORT on Subject Types .... 5-23
5.2.5 Impact of ORT on Case Soutces .... 5-27
5.2.6 Impact of ORT on Type of Cases Pursued: Major Allegation .... 5-30

5.3 Impact of ORT on Case Development and Outcomes .... 5-33
5.3.1 Impact of ORT on Case Development .... 5-33
5.3.2 Impact of ORT on Receivables and Medicare Recoveries .... 5-36

5.4 ORT Performance Indicators: Cases Explicitly Identified as ORT-related in CIMS .... 5-47
5.4.1 Volume of Cases Identified as ORT-related in CIMS .... 5-47
5.4.2 Outcomes of Cases Identified as ORT-related in CIMS .... 5-52

5.5 Conclusions .... 5-55

Appendix 6: Analysis of Data from the OAS Audit Information Management System (AIMS) ... 6-1

6.0 Introduction .... 6-1

6.1 Data Source and Evaluation Strategy .... 6-2
6.1.1 Data Source .... 6-2
6.1.2 Evaluation Strategy .... 6-2

6.2 Estimates of ORT Impacts .... 6-4
6.2.1 Impact of ORT on Audit Volume, Subject Types and Requesting Agencies .... 6-4
6.2.2 Characteristics of Audits Being Pursued as a Result of ORT .... 6-10
6.2.3 Impact of ORT on Questioned Costs Identified by OAS .... 6-13

6.3 Resources Diverted to Pursue ORT Audits: The Opportunity Cost of ORT .... 6-15
6.3.1 Opportunity Cost of ORT: Impact of ORT on Audit Volume, Subject Types and Requesting Agencies .... 6-16
6.3.2 Opportunity Cost of ORT: Impact of ORT on Output of Audits .... 6-21
6.3.3 Opportunity Cost of ORT: Diversion of OAS Staff Resources .... 6-22

6.4 Conclusions .... 6-24

Appendix 7: Findings from the Survey of Cases . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 7-1

7.0 Introduction . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 7-1

7.1 Motivation for the Survey of Cases . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 7-1
7.1.1 Responsibility for the Surveys . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 7-3

7.2 Overview of Main Findings . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 7-3
7.3 Methodology . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 7-5
7.3.1 Use of a Pre/Post Model . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 7-5
7.3.2 Determining What is a "Pre" Case and What is a "Post" Case . . . . . . . . . . . 7-6
7.3.3 Analyzing Exclusion Cases Separately . . . . . . . . . . . . . . . . . . . . . . . . . . . . 7-7
7.3.4 Principal Limitations of the Analysis . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 7-8

7.4 Data Collection . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 7-9
7.4.1 Sample Design . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 7-9
7.4.2 Survey Instrument . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 7-12
7.4.3 Pilot Test . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 7-14
7.4.4 Conduct of the Survey . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 7-14
7.4.5 Confidentiality . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 7-14

7.5 Case-specific Survey Results: Non-exclusion Cases . . . . . . . . . . . . . . . . . . . . . . . . 7-15
7.6 Case-specific Survey Results: Exclusion Cases . . . . . . . . . . . . . . . . . . . . . . . . . . . . 7-26
7.7 Investigator-specific Results . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 7-27
7.7.1 Nature of the Questions . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 7-27
7.7.2 Sample . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 7-28
7.7.3 Investigators' Responses . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 7-28

Appendix 8: Findings from the Survey of Audits . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 8-1

8.0 Introduction . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 8-1

8.1 Summary of Findings and Organization of the Report . . . . . . . . . . . . . . . . . . . . . . . 8-2
8.2 Design and Methodology . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 8-3
8.2.1 The Impracticality of a Pre/Post or Demonstration/Comparison Model . . . . 8-3
8.2.2 Assigning Audits to "Pre-ORT" and "Post-ORT" Periods . . . . . . . . . . . . . . 8-4
8.2.3 Principal Limitations of the Analysis . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 8-4

8.3 Data Collection . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 8-5
8.3.1 Sample Design . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 8-5
8.3.2 Survey Instrument . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 8-6
8.3.3 Pilot Test . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 8-6
8.3.4 Conduct of the Survey . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 8-6
8.3.5 Confidentiality . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 8-8

8.4 Audit-specific Survey Results . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 8-8
8.5 Auditor-specific Survey Results . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 8-24
8.5.1 Nature of the Questions . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 8-24
8.5.2 Sample . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 8-24
8.5.3 Auditors' Responses . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 8-25

# Appendix 5
# Analysis of Data from the OIG Case Information Management System (CIMS)

## 5.0 Introduction

Many of the direct monetary savings associated with Operation Restore Trust (ORT) *ultimately* result from investigations by the Office of Investigations (OI) of suspect providers. OI conducts criminal, civil, and administrative investigations of providers suspected of fraud and abuse. Their investigations result in criminal convictions, civil judgements, monetary recoveries, and exclusions of providers from the Medicare program.

These investigations have several sources of potential savings for the Medicare program that are recorded in OI's Case Information Management System (CIMS):

- Direct monetary recoveries from providers (i.e., from fines, settlements, judgments, recoveries, or restitution)
- The avoidance of costs (e.g., by terminating the improper obligation of Medicare funds). These expected program savings represent future costs that Medicare was able to avoid due to OI's actions against the provider.

ORT had a large impact on the volume and sources of cases opened by OI:

- The number of non-exclusion cases increased from 164 to 265 during ORT, a 62% increase. Given the decrease in volume observed for comparison states, ORT was associated with a 103% net increase in volume.
- Volume increased in all five demonstration states. New York was responsible for more than half of the increase, with volume of non-exclusion cases increasing from 53 in the pre-ORT period to 111 during ORT.
- The proportion of cases referred by the Hotline, state agencies, and beneficiaries/employees/citizens increased during ORT. There was also an increase in the number (though not the proportion) of cases referred by HHS, HCFA, and HCFA contractors.

A major evaluation question is how much savings result from the extra resources given to Office of the Inspector General (OIG) offices under ORT. In asking this question, we need to emphasize that OI investigations are not a product of OI efforts alone. Some investigations may be the result of collaborative efforts with the Office of Audit Services (OAS), the Office of Evaluations and Inspections (OEI), the Health Care Financing Administration (HCFA), the Administration on Aging (AOA), and/or other ORT and/or other non-ORT agencies such as Medicaid Fraud Control Units (MFCUs), the Federal

Bureau of Investigation (FBI), or the Department of Justice (DOJ). We focus major evaluation efforts on OI in part because the efforts of others lead to OI case development, and it is at the point of case development that the savings are consummated. In addition, most ORT resources have gone to OI. It is therefore essential to ask how much savings have resulted from these additional resources.

Estimation of savings posed a number of significant evaluation challenges. Many cases are still pending, and it is not possible to know what the ultimate outcome of these cases will be. It is not obvious how cases that opened before ORT but that continued development during the demonstration should be treated. The origination of these cases was not affected by ORT, but ORT may have influenced the ultimate outcome of the case. In addition, data on actual Medicare recoveries (as opposed to accounts receivables established as a result of OI cases) are incomplete. Because of these difficulties, we present a range of estimates of the impact of ORT on receivables and actual Medicare recoveries.

Our range of estimates of ORT savings ranges from $0.5 million (the estimated Medicare recoveries for cases opened during ORT (our most narrow definitions of both ORT and ORT savings) to $117.7 million (using a broader definition of what constitutes an ORT case and estimating the expected receivables from pending cases). As of May 1997, ORT was associated with an additional $50 million in identified receivables from cases that opened during the demonstration period.

In this appendix, we describe the data sources and evaluation methods used to estimate the impacts of ORT, and then present estimates of the impacts associated with ORT. Our estimates of ORT effects are based on comparisons of 1) ORT-subject type cases opened in ORT states to 2) cases from the pre-demonstration period and from a group of comparison states.

## 5.1 Data Source and Evaluation Design

In this section, we describe OI's case tracking system, which is the data source we used in estimating the impacts of ORT. We also describe our approach for estimating the impacts of ORT.

### 5.1.1 Data Source: OI's Case Information Management System (CIMS)

The outcomes of OI investigations are tracked by the CIMS, an automated status and tracking system used to record OI case development and outcomes. CIMS tracks cases from the time a complaint is first received until the date a final outcome for the case occurs. CIMS contains detailed information on case sources, subject type, and location, as well as the dates of major case development milestones (e.g., when the case opened, when it was referred to prosecutors, when it went to trial), and the final outcomes of cases (e.g., exclusions, prison sentences, and the establishment of receivables).

We used data from two components of the CIMS system. The Case File contains information from the CIMS Situation Report, which is used to handle complaints received (i.e., before an official case is opened) and is completed before any investigative work is done. The data in the Situation Report include basic descriptive information such as the OI suboffice handling the complaint, the source and sub-source for the case[1], the allegation, the subject type, and (for complaints that do not result in actual cases), the date and reason that the complaint was disposed of administratively. The Case File also contains case-level development information from the CIMS Action Summaries (referral information, joint agency involvement, date the case opened, and the date the case closed).

---

[1] For cases referred by a Federal government agency, the sub-source identifies the specific agency that referred the complaint.

The CIMS Subject File tracks case development milestones and outcomes for each subject involved in a given case. Since some cases have multiple subjects, the Subject File can contain multiple records for a single case. For cases with multiple subjects, we linked together records for all subjects in the case to create a case-level file that contains all of the development milestones and outcomes for the case. The Subject File contains fields from the Criminal, Civil, Sanction, Administrative, and Civil Monetary Penalty Law of 1981 (CMPL) Action Summaries. The Action Summaries are used to record all action taken on cases.

The CIMS data used for this report contain information on 2,271 ORT-related cases [2](excluding complaints that were disposed of administratively and did not result in the opening of a case) that opened between January 1991 (a somewhat arbitrary start date that was early enough to include a substantial pre-ORT period) and March 31, 1997, the last date of ORT. Of these, 952 were exclusion cases.

### 5.1.2 Methods

Our basic approach for estimating the impacts of ORT on the volume and outcomes of OI cases is to compare measures of change (from the pre-ORT to the ORT period) for ORT states and a group of comparison states[3]. This type of model adjusts for secular trends that may have affected pre/post changes in ORT states even in the absence of the demonstration. The assumption underlying this approach is that any change that might have occurred around the time ORT started (e.g.., changes due to the split between Social Security Administration (SSA) and the Department of Health and Human Services (DHHS) or the streamlining implemented in 1994 and 1995 by the Inspector General that resulted in the early-out and buyout of management positions and the closing of 17 OI suboffices[4]) had the same effects in both demonstration and comparison states. This approach differs from that used for the ORT Performance Indicators, which are restricted to the ORT period and ORT states, and do not use either pre/post or demonstration/comparison state techniques to measure the impact of ORT.

ORT has certain characteristics that complicate our evaluation of its impacts. In particular, since criminal investigations, especially those that result in referral to a prosecutor, often take several years to reach a final outcome, many of the savings from ORT projects have not yet been obtained, even if they are likely. In addition, many cases that opened before ORT started have continued development under ORT, and it is not clear whether such cases should be counted as ORT or pre-ORT, as these cases have some characteristics (and doubtless bear some of the influence) of both periods. In the sections below, we review some of the key choices we have made in structuring our analysis.

---

[2] "ORT-related" cases include those with an ORT subject type (DME supplier, home health agency, hospice, nursing home) and cases that were identified as ORT-related in CIMS.

[3] Note that in our analysis of cases identified as ORT-related in CIMS, we did not use a double difference model to estimate ORT effects, because it was not possible to define either a comparison group or a pre-ORT period for these cases.

[4] See the Office of the Inspector General's Semiannual Report (October 1994 - March 1995) for details.

### *Defining Comparison Areas*

Selection of comparison states is complicated by the non-randomized nature of ORT and the spillover of ORT effects into non-ORT states. The ORT states were deliberately selected for the likely impact of an ORT-style effort. Other states differ from the ORT states in important ways besides the presence of the intervention, making comparisons with other states problematic.

For most of the analyses described in this section, we compared outcomes observed in ORT states to those observed in a group of comparison states. Comparison states included *all non-ORT states with an OI suboffice* (Exhibit 5-1). We are thus taking the presence of a sub-office as a proxy for features we wish to hold common between ORT and comparison areas, such as having a large, predominantly urban population. This rule excludes such states as Montana, Vermont, Idaho, Alaska, and Nebraska. The rule was a simple way to avoid having our subjective judgement determine the inclusion or exclusion of particular states. Note that we did make one subjective judgment. Because of its status as a "quasi-ORT" state, we excluded all cases from Louisiana from our analyses, since it was not clear whether these cases should be counted as ORT or non-ORT, in view of the efforts of the Texas Regional Office in Louisiana.

Cases were assigned to states based on the state field in the CIMS Situation Report. Some cases had subjects from more than one state. For these cases, the state was assigned based on the location of the OI suboffice responsible for the investigation.

One subsidiary issue in our analysis is that resources within a region may have been diverted from non-ORT states in order to focus on ORT projects. For example, if the volume of cases opened in Texas increased, but decreased by a similar magnitude in other states in Region VI, it seems reasonable to infer that much of the impact observed in the ORT states was actually the result of diversion of efforts from other states in the region. For that reason, we performed a sub-analysis comparing outcomes observed in *ORT states to those in non-ORT states within ORT regions.*[5]

ORT effects may not have been confined to demonstration states. Some ORT projects explicitly included non-ORT states. As noted above, the HFCA office in Dallas, for example, included Louisiana providers in its surveys of home health agencies. OI in Chicago led a national study of hospices. OAS projects in New York included three projects related to hospices in Puerto Rico. Each of these projects may have resulted in referrals to OI and additional criminal cases. Assuming that most of the leakage of ORT effects into non-ORT states is confined to a particular region, comparison of outcomes observed in *non-ORT states within ORT regions compared to non-ORT regions* allows us to take account of ORT effects that are realized in the non-ORT states of a region. If substitution of resources is confined within the region, then comparison of non-ORT states within ORT regions to non-ORT regions allows for a measure of the impact of ORT that is not distorted by either diversion of resources or leakage of ORT effects into neighboring states.

---

[5] We define region based on the states served by the HCFA Regional Office.

**Exhibit 5-1:**
**Comparison States Used in ORT Impact Analyses**

Alabama
Arizona
Arkansas
Colorado
Connecticut
Georgia
Indiana
Iowa
Kentucky
Maryland
Massachusetts
Michigan
Minnesota
Missouri
New Jersey
New Mexico
North Carolina
Ohio
Oklahoma
Oregon
Pennsylvania
Rhode Island
South Carolina
Tennessee
Utah
Virginia
Washington
Wisconsin

### *Defining Cases*

Not all of the records included in CIMS were used in these analyses. In this section, we describe the criteria used for selecting which case records to include in our impact analyses.

Except for subanalyses where we use OI's definition of ORT cases (which includes 138 cases with non-ORT subject types), our analyses include only cases for which one or more subjects were identified in the CIMS Situation Report as being an ORT subject-type provider (DME supplier, home health agency, hospice, or nursing home). Complaints that were disposed of administratively and did not result in the actual opening of a case were excluded from our analyses.

"Exclusion cases" are reported in CIMS, but they are fundamentally different from cases that involve active investigative work by OI. An "exclusion" is an administrative action by which a provider/supplier is barred from receiving Medicare reimbursement for a defined period of time. OI processes exclusion cases, but the work is largely administrative and does not typically involve active investigative work by OI Special Agents, as this work is normally a routine follow-up to findings of guilt brought about by the investigative work of other agencies, such as MFCUs. Because exclusion cases tend to be initiated and investigated by other agencies, ORT was expected to have a different impact on the volume of exclusions (ORT may affect the number of exclusion cases since the agencies–e.g., MFCUs, HCFA contractors– that investigate exclusion cases are involved in ORT) than for non-exclusion cases, which involve active investigations by OI of alleged criminal activities, and often result in successful referral to prosecutors and the establishment of receivables.

### *Defining ORT-period Cases*

There is no one single definition that can be used to define unambiguously what constitutes an ORT-period case. In this report, we use several definitions of ORT (Exhibit 5-2). ORT cases are defined based on the subject types and the date that the case opened (or reached a final outcome).

**Exhibit 5-2 ORT Definitions for CIMS Analyses**

| Name | Description | Uses |
|---|---|---|
| ORT1 | Cases from ORT states and subject types that opened during the demonstration period. | Use for all outcomes that are observed when the case opens (volume, subject types, states, sources) and to estimate "pure-ORT" estimates of the impact of ORT on receivables identified and Medicare recoveries (typically "lower bound" estimates of the range of ORT savings). |
| ORT2 | All cases in ORT1 plus cases that opened in the comparison period that reached a final outcome during ORT. | Use in conjunction with ORT1 for measuring the impact of ORT on case development and outcomes, using "artificially censored" outcome measures for pre/post comparisons (see discussion below) |
| ORT3 | All cases identified as ORT-related in CIMS (i.e., cases where Project identifier='PK', regardless of state, subject type, or time period.) | Use to report CIMS-based ORT performance indicators |

Note: ORT1 and ORT2 only count as ORT related those cases with an ORT subject type from an ORT state.

### Defining ORT Cases Based on Case Development Dates

ORT1, the most narrow case definition we used, includes only those cases from ORT states[6] and subject types[7] that *opened* during the demonstration period. Cases defined as ORT-related using this definition can be regarded as "pure ORT," since both the origination and the development of the case occurred during the demonstration period.

This definition is appropriate for examining the impact of ORT on measures that are observed when a case is opened, such as the volume, location, subject type, and sources of the cases. However, the majority of these cases (nationwide, 245 of the 404 non-exclusion cases defined as ORT-related using the ORT1 definition) were still pending as of the May 27, 1997, data cutoff point. As a result, the ORT1 definition is less useful for measuring the impact of ORT on the identification of receivables or actual Medicare recoveries. Cases that opened during the demonstration period were observed for a maximum of 26 months (i.e., through the May 1997 cutoff point for our CIMS extract), and many were observed for a much shorter period of time.

---

[6] Cases were assigned to a state based on the subject's state field from the CIMS Situation Report. For the few cases that had subjects from multiple states, the state was assigned to the case based on the OI suboffice responsible for the investigation.

[7] For cases that have more than one subject type (e.g., not all of the subjects in the case have the same subject type), the entire case was assumed to be an ORT subject type if at least one subject had an ORT subject type. Hospice cases were included as an ORT subject type.

A broader definition, ORT2, also includes cases from ORT states and subject types that were open but *still pending* when ORT started.[8] This broader definition can be defended to the extent that cases that opened prior to the ORT start date are in due course affected by ORT (for example, through the additional agents, resources, and travel funds provided by ORT). The ORT2 definition is useful for estimating the impacts of ORT on case development and case outcomes. Some pending cases would presumably have had a successful outcome even without ORT. We describe below how the techniques we use to assign outcomes to the ORT and comparison periods, allowing us to estimate the marginal effects of ORT on cases that were pending when the demonstration started.

The third definition of ORT that we consider includes all cases that CIMS explicitly identifies as ORT-related. These cases are identified by the "PK" modifier in the CIMS project identification field. Some of these cases have non-ORT subject types or states, and many opened before ORT started. It is not possible to construct an appropriate comparison group for this subset of cases, since the rules for inclusion and exclusion are not entirely clear from the CIMS date fields alone. The subset of cases identified as ORT-related in CIMS is used for some of the ORT Performance Indicators developed by HCFA, OIG, and AOA. As a result, our analysis of ORT3 cases reports Abt's estimates of the CIMS-based performance indicators resulting from these cases.

### *Defining the "Pre-ORT" Period for Our Analyses*

CIMS includes records on cases that opened as early as 1977. Older cases are likely to differ in important ways from cases that opened more recently, so we decided to exclude older cases from our specification of the pre-ORT period. The pre-ORT period includes cases that opened in the *24 month period immediately preceding the start of ORT* (April 1, 1993 - March 31, 1995).[9] These cases are more likely to be similar to ORT cases in ways other than the presence of the ORT intervention, and reflect trends towards a greater awareness of fraud and abuse issues (e.g., through the South Florida Task Force or the establishment of the DMERCs) that were in place prior to the start of ORT.

### *Evaluation of Censored Case Outcomes*

Criminal and civil cases often take three years or more to reach a final (or even a probable) outcome. Note, for example, that across demonstration and comparison states, only 39 ORT-period cases had gone to trial and achieved a monetary outcome as of May 28, 1997. The outcomes of all other pending cases (252) are "unobserved." These unobserved case outcomes limit our ability to estimate the cost savings associated with ORT. This is an expected, unavoidable problem which was discussed in detail in our Evaluation Design. Failure to take account of the censored case outcomes, especially for cases that opened after ORT started, results in bias when comparing outcomes observed from the ORT and pre-ORT periods, or between demonstration and comparison states.

We use two general strategies for handling the censored nature of CIMS data First, we use "artificial censoring" techniques so that the extent of censoring in the pre-ORT data is (artificially) similar to the

---

[8] Note that, in our survey of cases (see Appendix 7), cases that span pre-ORT and ORT periods are termed "bridge cases."

[9] Note that for estimates of certain ORT impacts, we consider outcomes from cases that opened in the 24 months preceding the pre-ORT period (April 1, 1991- March 31, 1993). See discussion of "artificial censoring" below

ORT-period data. Second, to estimate the probable estimate of demonstration/comparison state differences of pending cases, we estimate the conditional expected outcome of each pending case, based on its point in the case development process. This represents our best guess of the ultimate outcome of pending cases, and fills in our best estimate of the data we cannot have: data on the *actual* results of these cases in future months. This section describes these two techniques for evaluation of censored outcome measures.

### Method 1: Adjusting for the impact of censored data on pre/post analyses: "Artificial censoring" of outcomes

Simple pre/post comparisons of observed case outcomes are inappropriate because cases that opened in the pre-ORT period have been observed for a longer period of time than those from the demonstration period. Consequently, the final outcome for more cases from the pre-ORT cohort will be known (and thus reported in CIMS), and the total receivables recorded in CIMS will tend to be higher for pre-ORT cases than for cases from the ORT period, where a higher proportion of cases are still pending.

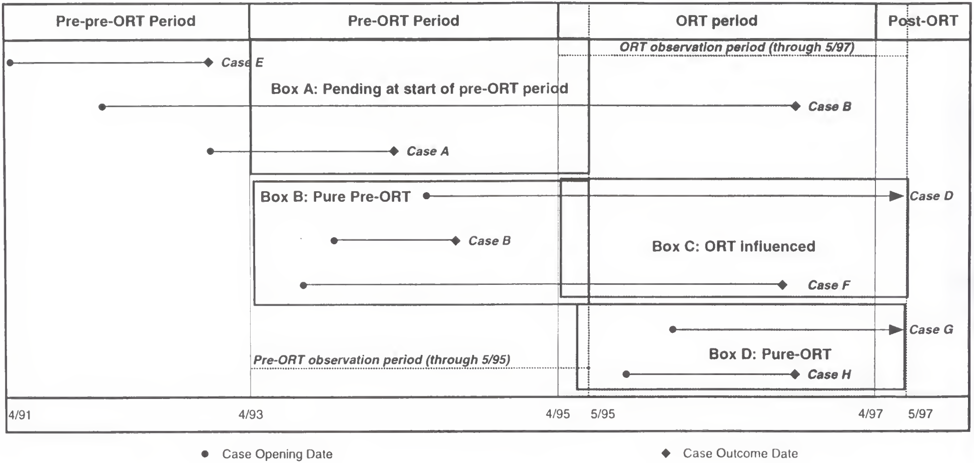
In comparing outcomes from the pre- and post-ORT periods, we must take account of the fact that pre-ORT cases have had more time to progress through the case development cycle. CIMS records the dates of various milestones in the case development process (e.g., the date the case opened, the date it was referred to prosecutors, the date it went to trial, or reached a pre-trial settlement, the Civil Monetary Penalties Law of 1981 (CMPL) hearing date, the sanction/exclusion date, the date the case closed). CIMS thus allows us to perform "slice-in-time" analyses. By ignoring outcomes that occurred after (or before) a given date, we can ***artificially censor*** data from the pre-ORT period at any point in time, to permit relatively unbiased, direct comparisons to ORT-period data.

The approach of artificially censoring outcomes based on the date that they occurred combines the narrow ORT1 and the broad ORT2 definitions described above. Exhibit 5-3 shows how the artificial censoring and double artificial censoring methodologies assign outcomes to cases, based on the date the case opened and the date the outcome for the case was observed.

For a comparison of "pure ORT" effects (i.e., using the ORT1 definition described above), we compare the outcomes observed for cases that opened *during the ORT period* (i.e., cases in Box D of Exhibit 5- 3) to the outcomes *observed in the pre-ORT period for cases that opened in that period* (i.e., cases in box B). As a result of excluding outcomes from pre-ORT cases observed during ORT, both the pre-ORT and ORT cohorts have an identical 26 month "window" in which outcomes can be observed. Outcomes that occur after the window are not observed; for cases from the ORT period this is because we do not know what the outcomes will be (i.e., cases like G), and in the pre-ORT cohort because we have artificially censored outcomes from cases like F, where the outcome was not observed until after the 26-month window. By artificially censoring pre-ORT period cases, we make the censoring problem identical in the pre- and post-ORT periods. In this way, estimates of ORT impacts are not biased by the greater amount of censored data for ORT cases.

For all its advantages, however, artificial censoring imposes an important cost. Specifically, comparison of cases in Box D to those in Box B does not capture any impacts of ORT on cases that were pending when the demonstration started. This may result in an understatement of the actual impacts of ORT, since ORT may influence the development and eventual outcomes of such cases.

# Exhibit 5-3:
# Assigning Cases to the Pre-ORT and ORT Periods:
## Artificially Censored and Double Censored Outcome Measures



To measure the impact of ORT on cases that were pending when ORT started (i.e., the additional cases defined as ORT-related using the ORT2 definition above), we compared outcomes observed *during the ORT period*[10] *for cases that opened in the pre-ORT period (i.e., cases in Box C)* to outcomes observed *in the pre-ORT period*[11] *for cases that opened prior to the pre-ORT period*[12] *(i.e., cases in Box A).*

This comparison uses the technique of ***double artificially censored outcome measures.*** Outcomes of cases that opened in the pre-ORT period are censored if they did not occur *during the ORT period,* since ORT would not influence outcomes observed prior to the demonstration start date. Outcomes of cases that opened in the two years preceding the pre-ORT period (i.e., the pre-pre-ORT period) were censored if they did not occur *during the pre-ORT period* (i.e., the outcome could be censored either because it was observed before the pre-ORT period or during the demonstration period). Comparison of double artificially censored outcome measures permits estimation of the effects of ORT on more "mature" cases, that were pending prior to the demonstration, by using pre-pre ORT cases to estimate average outcomes in the absence of ORT.

Because ORT did not affect the *volume* of cases from the pre-ORT period that were pending at the start of the demonstration period (and the pre-ORT period did not influence the *volume* of cases from the pre-pre-ORT period that were pending at the start of the pre-ORT period), censored outcome measures were adjusted to reflect *volume constant outcomes*[13]. For example, assume that the pre-ORT period had no influence on the outcome on cases that were pending at the start of the period, but that there were twice as many pending cases from comparison states as from ORT states. If volume constant outcome measures were not used, the double artificial censoring technique would estimate that the pre-ORT period was associated with a positive impact on pending cases in comparison states, simply because there were more pending cases from comparison states. The number of pending cases at the start of the ORT and pre-ORT periods is exogenous, as the cases were initiated before the start of the period. The assumption underlying this approach is that the resources available to pursue cases (which presumably influence case outcomes) do not vary with the volume of cases.

### Method 2: Adjusting for the impact of censored data on demonstration/comparison state analyses: Estimating the expected outcome of pending cases

The use of artificially censored outcome measures allows for comparison of outcomes observed in the ORT and pre-ORT periods. It does not , however, control for different levels of censoring that may be present between cases in demonstration and comparison states. If ORT affected the volume of cases, then more cases may be pending from ORT states during the demonstration period, relative to comparison states or the pre-ORT period. In estimating the impact of ORT on OI outcomes, it is important to include the expected receivables from cases that were still pending as of the data cutoff point, as some of these cases will eventually result in the identification of receivables and produce actual Medicare recoveries.

---

[10] Including April and May 1997, which are included in our data.

[11] Including April and May 1995, so that both the pre- and post-ORT windows cover the same length of time.

[12] We included cases that opened between April 1991 and March 1993 in the "pre pre-ORT" period.

[13] Note that because the number of pending cases from the pre-ORT period was nearly identical in ORT (109) and comparison states (107), volume constant outcome measures were only applied to data from the pre-pre-ORT period. There were nearly twice as many cases from comparison states at the start of the pre-ORT period as from ORT states (see Exhibit 5-21).

For comparison/demonstration state analyses, the final outcomes for pending cases are based on their ***conditional expected receivables***. These figures are estimated using the results of cases opened in the pre-ORT period that reached a final outcome. We used all ORT subject-type cases from ORT and comparison states that opened between 1991 and 1994 to derive estimates of conditional expected receivables. (Later cases were excluded because there may be systematic differences between cases that proceed more quickly through the case development cycle and other cases.)

Given the extremely large standard deviation of estimated receivables identified for cases (see Exhibit 5-4), these estimates yield imprecise estimates and must be regarded as speculative estimates. There are large variations in the amount of receivables and ultimate Medicare recoveries for different cases. What this means is that, based on the information contained in CIMS, it is difficult to predict in advance the final outcome of pending cases. Nonetheless, the conditional expected value approach gives us the *best estimate possible*, given the information observed to date for the case. Note that since most of the information available on completed cases is from pre-ORT cases, we must use this pre-demonstration period data to estimate expected outcomes for ORT cases, which may not be appropriate if ORT has positive effects on the probability and size of positive outcomes. In that sense, our estimates of receivables based on this method are likely conservative.

**Exhibit 5-4:**
**Conditional Expected Savings: Expected Receivables Established for Cases at Various Points in the Case Development Cycle (Non-exclusion pre-ORT cases only)**

| Point in the case development cycle: | N | Mean outcome | Std deviation | % with receivables |
|---|---|---|---|---|
| Case opened but not accepted for prosecution | 535 | $400,244 | $2,721,776 | 21.3% |
| Case opened and accepted for civil prosecution | 42 | $1,146,356 | $2,474,196 | 88.1% |
| Case opened and accepted for criminal prosecution | 79 | $685,857 | $3,078,598 | 67.1% |

Notes; Based on all non-pending ORT subject type cases from ORT or comparison states that opened between 1991 and 1994.

*Source: CIMS*

### *Calculating Receivables Established and Actual Medicare Recoveries*

Another issue of importance in our analysis is how much each case generates in actual Medicare recoveries–the "dollars to the Trust Fund"–as opposed to accounts receivable that may or may not yield returns to the government. HCFA has tracked OI receivables resulting from ORT cases through to collection of actual payment. Because no such data were available for either the pre-ORT period or for comparison states, we were not able to estimate pre/post or double difference estimates of the impact of ORT on actual Medicare recoveries. Our analysis of recoveries is, therefore, purely descriptive. We used the HCFA data to estimate the proportion of the receivables established from OI cases that were actually collected by HCFA.

Because HCFA will continue to recover funds resulting from ORT cases, the estimates of Medicare recoveries presented in this section are a lower-bound estimate. (With the passage of time, additional

Because HCFA will continue to recover funds resulting from ORT cases, the estimates of Medicare recoveries presented in this section are a lower-bound estimate. (With the passage of time, additional payments will doubtless be made.) But, while they are likely to increase with time, these lower bound estimates of "money in the bank" are the most conservative estimates of "ORT effects."

Data on the receivables resulting from OI cases is contained in CIMS. To prevent one individual case from having a disproportionate effect on impact analyses, one outlier case (a non-ORT case that CIMS reported as resulting in more than $200 million in receivables, more than six times the total for the second highest case used in our impact analyses) was truncated with receivables established of $35 million. This figure was selected so that this case would still have higher receivables than any other case included in the analyses, while preventing it from having a disproportionate influence on our impact analyses.

## 5.2 Impact of ORT on Case Initiation

In the sections that follow, our discussion of the impacts of ORT is divided into three sections. First, we discuss the impact of ORT on case volume, sources, subject types, and allegations. Second, we explore preliminary estimates of ORT on case development and case outcomes, using the artificial censoring methodology described above. Finally, in Section 5.4.3, we report on the outcomes observed to date for cases identified as ORT-related in CIMS.

### 5.2.1 Impact of ORT on Case Volume

*Non-exclusion[14] Cases*

ORT had a large impact on the volume of non-exclusion cases opened by OI. Across the five demonstration states, volume increased by 62%, from 164 to 265 cases during ORT (Exhibit 5-5). Volume of non-exclusion cases fell in comparison states, from 173 to 139 cases, a 20% decline. Given the decrease that occurred in comparison states, our best estimate is that *ORT was associated with an 103% increase in the number of non-exclusion cases opened against ORT focus area providers.* The volume of cases increased in all five ORT states.

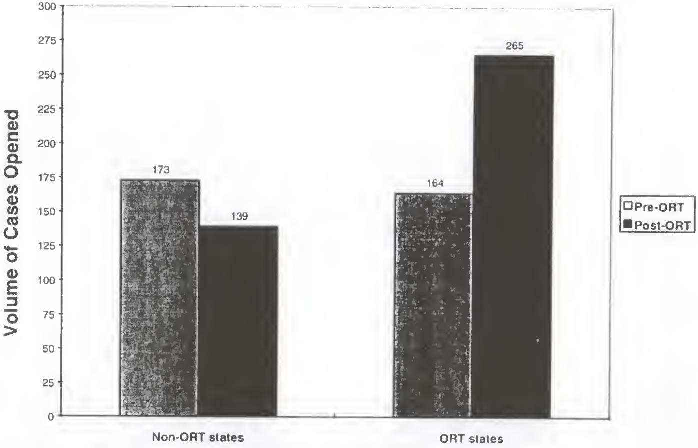
The impact of ORT on volume was consistent throughout the two-year demonstration period (Exhibit 5-6). During every quarter of ORT, the number of cases opened in ORT states was higher than the highest number of cases (25) that opened during any pre-ORT quarter. Even in the first quarter of ORT, before many ORT projects had begun, volume increased to 27 cases, from an average of 19.5 cases per quarter in the year preceding ORT. It would thus appear that high-level attention and mobilization of staff alone had some impact on case volume, since, in the early period, none of the ORT resources had been released.

ORT's impact on volume was largest in 1996, especially during the first quarter. During the pre-ORT period, volume was similar in ORT (164 cases) and comparison states (173 cases), but in 1996, 142 cases opened in demonstration states, compared to only 57 in the comparison states. During the first quarter of 1996, 53 cases opened across the five ORT states, a 51% increase over the previous quarter, and nearly 200% more than opened in comparison states during the same quarter.

---

[14] Non exclusion cases include those that did not involve an administrative sanction or exclusion. Non-exclusion cases typically involve active investigative work by OI agents. In contrast, exclusion cases are processed by OI, but the work is normally a routine follow-up to findings of guilt brought about by the investigative work of others. Hence, we discuss separately exclusion and non-exclusion cases recorded in CIMS (see Section 5.1.2).

## Exhibit 5-5: ORT Impact Analyses
## Volume of Cases Opened Non-exclusion Cases Only



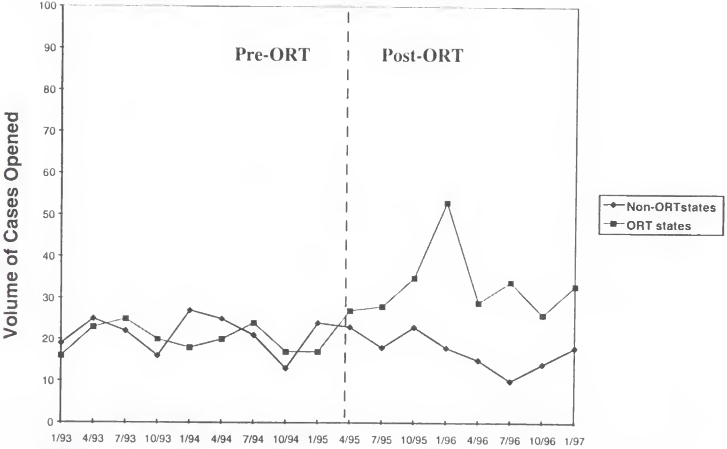
**Source:** CIMS (Figures as of May 28, 1997)

**Notes:** 1. Includes ORT subject types only (DME supplier, Home Health Agency, Nursing Home and Hospice)

2. Comparison states include non-ORT states with an OI suboffice.

3. Pre-ORT period includes cases opened between 4/93-3/95 Post ORT period includes cases opened between 4/95-3/97

## Exhibit 5-6: ORT Impact Analyses
## Volume of Cases Opened by Quarter - Non-exclusion Cases Only



**Source:** CIMS (Figures as of May 28, 1997)

**Notes:**
1. Includes ORT subject types only (DME supplier, Home Health Agency, Nursing Home and Hospice)
2. Comparison states include non-ORT states with an OI suboffice.
3. Pre-ORT period includes cases opened between 4/93-3/95. Post ORT period includes cases opened between 4/95-3/97

*Exclusion Cases*

While the number of exclusion cases increased from 72 to 184 in ORT states during ORT (a 156% increase), ORT was actually associated with an 8% net decrease in the volume of exclusion cases, due to an even larger increase that occurred in comparison states, where volume increased by 177%, from 94 to 261 cases (Exhibit 5-7). Between January and March 1997, 95 exclusion cases were processed in comparison states (Exhibit 5-8). The number of exclusion cases in that quarter was more than the total across comparison states during the entire pre-ORT period. In ORT states, only 33 exclusion cases were processed during this quarter.

### 5.2.2 Changes in Volume by State

Relative to the pre-ORT period, ORT was associated with a higher volume of both exclusion and non-exclusion cases in all five demonstration states. For non-exclusion cases, the largest increases in volume occurred in New York and Texas (Exhibit 5-9). With respect to exclusion cases, Texas and Florida had the largest increases in volume (Exhibit 5-10), though, as noted above, the volume of exclusion cases increased more in comparison states. Below, we briefly describe the changes in volume associated with ORT individually for each demonstration state.

*California*

In California, the number of non-exclusion cases increased by 24%, from 46 to 57 cases. Most of the increase was due to higher volume of HHA cases, which nearly doubled from 11 to 21. The number of DME cases declined slightly, from 27 to 26 cases.

The number of exclusion cases in the state increased from 11 to 23, a smaller percentage increase than in any ORT state other than New York, and a smaller increase than occurred across the comparison states. The number of SNF exclusion cases increased from zero to 7, and there were smaller increases in exclusions of DME suppliers (11 to 15 cases) and HHAs (zero to 1).

*Florida*

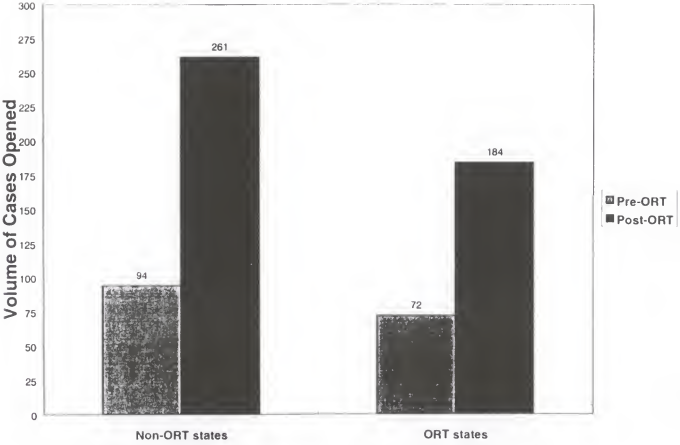
Florida had a smaller percentage increase in non-exclusion cases than any other ORT state. Volume increased from 30 to 34 cases, a 13% increase. This increase was spread across all three major ORT focus areas, with small increases in the volume of cases opened against DME suppliers (26 to 28), HHAs (3 to 4), and SNFs (1 to 2). During our site visit discussions, we learned that OI in Florida was reluctant to accept HHA cases (the St. John's Home Health Agency case is a notable exception), a reluctance that OI attributes to difficulties in getting the U.S. Attorney's Office in Miami to prosecute such cases.

In Florida, ORT was associated with a large increase in the volume of exclusion cases, which increased from 7 to 30. Most of this increase was the result of additional exclusions of DME suppliers. There were 25 DME supplier exclusion cases during ORT, compared to four in the pre-ORT period.

*Illinois*

During both the pre- and post-ORT periods, Illinois had the smallest number of both exclusion and non-exclusion cases. The volume of non-exclusion cases increased from 10 to 15 during ORT. Most of the increase was attributable to a 50% increase in cases against DME suppliers (10 to 15 cases). In Illinois,

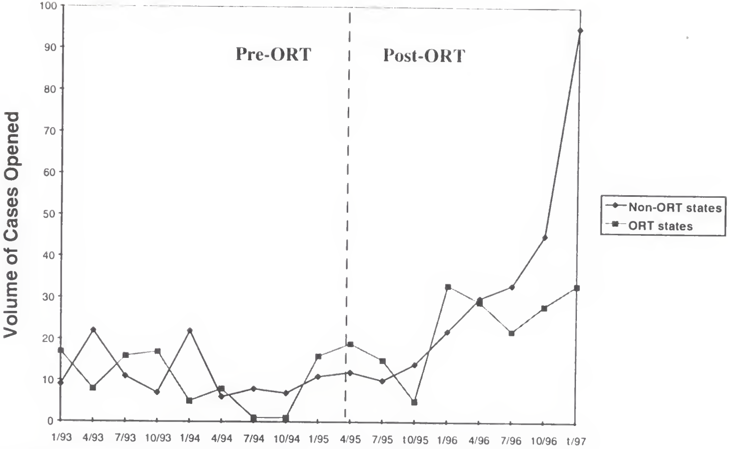
## Exhibit 5-7: ORT Impact Analyses:
## Volume of Cases Opened - Exclusion Cases Only



**Source:** CIMS (Figures as of May 28, 1997)

**Notes:**
1. Includes ORT subject types only (DME supplier, Home Health Agency, Nursing Home and Hospice).
2. Comparison states include non-ORT states with an OI suboffice
3. Pre-ORT period includes cases opened between 4/93-3/95. Post ORT period includes cases opened between 4/95-3/97

## Exhibit 5-8: ORT Impact Analyses
## Volume of Cases Opened by Quarter - Exclusion Cases Only



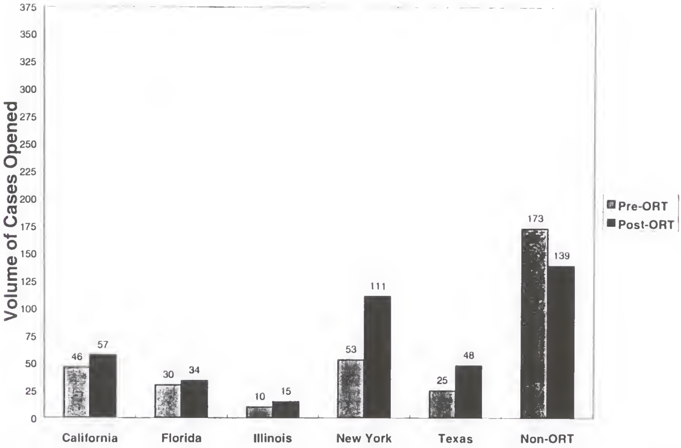
**Source:** CIMS (Figures as of May 28, 1997)

**Notes:** 1. Includes ORT subject types only (DME supplier, Home Health Agency, Nursing Home and Hospice)

2. Comparison states include non-ORT states with an OI suboffice.

3 Pre-ORT period includes cases opened between 4/93-3/95. Post ORT period includes cases opened between 4/95 3/97

## Exhibit 5-9: ORT Impact Analyses
## Volume of Cases Opened by states - Non-exclusion Cases Only



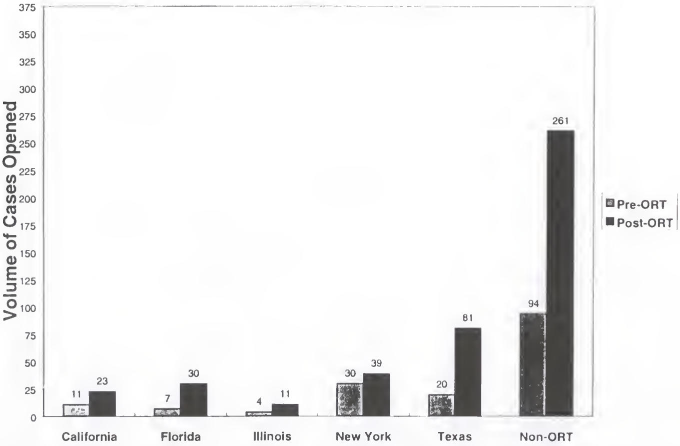
**Source:** CIMS (Figures as of May 28, 1997)

**Notes:** 1. Includes ORT subject types only (DME supplier, Home Health Agency, Nursing Home and Hospice).

2. Comparison states include non-ORT states with an OI suboffice.

3. Pre-ORT period includes cases opened between 4/93-3/95. Post ORT period includes cases opened between 4/95-3/97

## Exhibit 5-10: ORT Impact Analyses
## Volume of Cases Opened by states - Exclusion Cases Only



**Source:** CIMS (Figures as of May 28, 1997)

**Notes:** 1. Includes ORT subject types only (DME supplier, Home Health Agency, Nursing Home and Hospice)

2. Comparison states include non-ORT states with an OI suboffice.

3. Pre-ORT period includes cases opened between 4/93-3/95. Post ORT period includes cases opened between 4/95-3/97

ORT was associated with a decrease in the number of HHA cases, and there were only 2 SNF cases opened during ORT in the state.

The number of Illinois exclusion cases increased from 4 to 11 during the demonstration period. The increase was due to an increase in SNF exclusions, which increased from zero to 7 during ORT.

#### *New York*

The volume of non-exclusion cases in New York more than doubled during ORT, from 53 to 111 cases. There were large increases in the volume of cases for all three major ORT focus areas. Fifty-one of the 53 pre-ORT cases involved DME suppliers, and the number of DME supplier cases increased to 86 during the demonstration period. As a result of ORT, OI investigators in New York broadened their focus beyond investigations of DME suppliers. The number of cases opened against HHAs increased from zero to 13, and the volume of SNF cases increased from 2 to 12.

With the exception of SNFs, ORT was associated with little change in the number of exclusions processed by New York. The number of SNF exclusions increased from 2 to 15. The number of HHA exclusions actually fell, from 5 to 2.

#### *Texas*

In Texas, the number of non-exclusion cases nearly doubled, increasing from 25 to 48. The increase was the result of a dramatic increase in HHA cases, which increased by nearly 200% during ORT, from 11 to 32 cases. The number of DME supplier cases did not change during ORT, and there were only three non-exclusion SNF cases in Texas during the demonstration period.

The number of Texas exclusion cases increased by more than 300% during ORT, from 20 to 81. The increase was due primarily due a large increase in the number of SNF exclusions. There were 65 exclusions of Texas nursing homes during ORT, compared to only 15 in the pre-ORT period. In the pre-ORT period, Texas was responsible for 28% of the exclusion cases processed across the five demonstration states. This proportion increased to 44% during ORT.

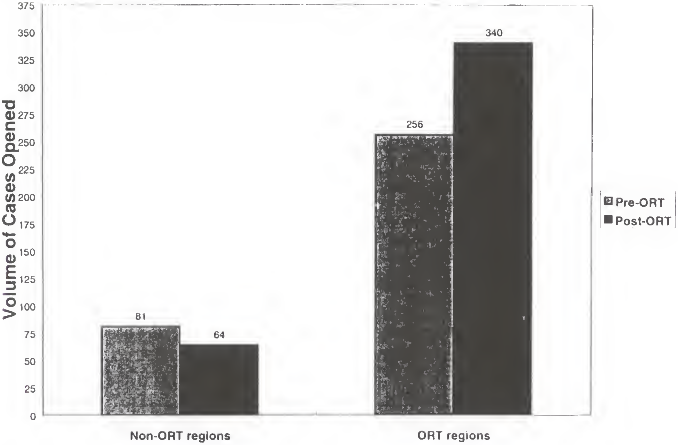
### 5.2.3 Estimate of Possible Spillover and Diversion of ORT Effects

#### *Comparison of Volume in ORT and Non-ORT Regions*

The number of non-exclusion cases in non-ORT states within ORT regions decreased from 92 to 75 during ORT, an 18% decrease. In comparison states in non-ORT regions, the volume of cases fell by 21% during the demonstration period, from 81 to 64 cases (Exhibit 5-11). This result suggests that the increase in volume observed in ORT states was *not* simply the result of diversion of resources from non-ORT states within ORT regions. As a result, the impacts reported throughout this appendix represent real effects rather than simply the reallocation of OI resources.

The number of non-exclusion cases in non-ORT regions increased from 23 to 107 during the demonstration period (Exhibit 5-12). In comparison states within ORT regions, the number of exclusion cases increased, but by a much smaller proportion, from 71 to 154 cases. The large increase in non-ORT regions was due principally to a large number of exclusion cases handled by OI in Arkansas and Washing-

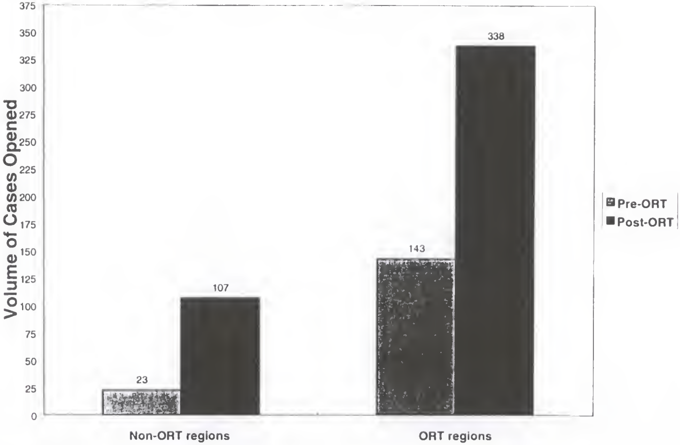
## Exhibit 5-11: ORT Impact Analyses
## Volume of Cases Opened in ORT and non-ORT Regions
## Non-exclusion Cases Only



**Source:** CIMS (Figures as of May 28, 1997)

**Notes:** 1. Includes ORT subject types only (DME supplier, Home Health Agency, Nursing Home and Hospice)
2. Comparison states include non-ORT states with an OI suboffice.
3. Pre-ORT period includes cases opened between 4/93-3/95. Post ORT period includes cases opened between 4/95-3/97

## Exhibit 5-12: ORT Impact Analyses
## Volume of Cases Opened in ORT and non-ORT Regions
## Exclusion Cases Only



**Source:** CIMS (Figures as of May 28, 1997)

**Notes:** 1. Includes ORT subject types only (DME supplier, Home Health Agency, Nursing Home and Hospice).
2. Comparison states include non-ORT states with an OI suboffice.
3. Pre-ORT period includes cases opened between 4/93-3/95. Post ORT period includes cases opened between 4/95-3/97

ton. Given the nature of exclusion cases, we do not believe that the difference in exclusion cases for comparison states in ORT and non-ORT regions is related to any diversion of resources.

*Comparison of Volume in ORT States and Non-ORT States within ORT Regions*

The volume of non-exclusion cases opened in non-ORT states within ORT regions declined from 92 to 75 during ORT, an 18% decrease (Exhibit 5-13). This decrease was very similar to that observed in comparison states outside of ORT regions (from Exhibit 5-14), suggesting that, if there were any leakage of ORT effects into other states or diversion of efforts to ORT states, that the two effects more or less offset each other.

Because we found no evidence that ORT resources had been diverted to pursue efforts in demonstration states, we did not compare outcomes for ORT states to non-ORT states within ORT regions for the outcome measures analyzed later in this appendix.

### 5.2.4 Impact of ORT on Subject Types[15]

*Non-exclusion Cases*

ORT was associated with a large increase in volume across all three major ORT focus areas:

- In ORT states, the number of home health agency cases increased from 29 to 72 during the demonstration period, an increase of 148%. The volume of home health agency cases declined slightly in comparison states, and, taking into account the pattern observed in comparison states, *ORT was associated with a 167% increase in home health agency cases.*

- The number of DME supplier cases increased by 33% in ORT states (Exhibit 5-15), from 123 to 163 cases. Combined with the 46% decrease in DME supplier cases observed in comparison states, *ORT was associated with a 146% increase in cases opened against DME suppliers.*

- Investigations of nursing homes seems to have become a higher priority for OI nationwide during the demonstration period (not only in ORT states), as there were large increases in the volume of nursing home cases in both ORT and comparison states. The number of nursing home cases more than doubled in comparison states, from 16 to 34 cases. A much larger increase in volume occurred in ORT states, where the number of nursing home cases increased by 164%, from 11 to 29 cases. Taking nationwide patterns into account, the double difference estimator suggests that *ORT resulted in a 46% increase in nursing home cases.*

**Exclusion Cases**

We noted above a large increase in exclusion cases observed in comparison states, especially during the last six months of the demonstration period. Despite the increase that occurred in comparison states, in

---

[15] The subject type field in CIMS describes the subject(s) of the investigation (i.e., whether they are a DME supplier, a home health agency, a nursing home etc.).

Washington. Given the nature of exclusion cases, we do not believe that the difference in exclusion cases for comparison states in ORT and non-ORT regions is related to any diversion of resources.

*Comparison of Volume in ORT States and Non-ORT States within ORT Regions*

The volume of non-exclusion cases opened in non-ORT states within ORT regions declined from 92 to 75 during ORT, an 18% decrease (Exhibit 5-13). This decrease was very similar to that observed in comparison states outside of ORT regions (from Exhibit 5-14), suggesting that, if there were any leakage of ORT effects into other states or diversion of efforts to ORT states, that the two effects more or less offset each other.

Because we found no evidence that ORT resources had been diverted to pursue efforts in demonstration states, we did not compare outcomes for ORT states to non-ORT states within ORT regions for the outcome measures analyzed later in this appendix.

### 5.2.4 Impact of ORT on Subject Types[15]

*Non-exclusion Cases*

ORT was associated with a large increase in volume across all three major ORT focus areas:

- In ORT states, the number of home health agency cases increased from 29 to 72 during the demonstration period, an increase of 148%. The volume of home health agency cases declined slightly in comparison states, and, taking into account the pattern observed in comparison states, *ORT was associated with a 167% increase in home health agency cases.*

- The number of DME supplier cases increased by 33% in ORT states (Exhibit 5-15), from 123 to 163 cases. Combined with the 46% decrease in DME supplier cases observed in comparison states, *ORT was associated with a 146% increase in cases opened against DME suppliers.*

- Investigations of nursing homes seems to have become a higher priority for OI nationwide during the demonstration period (not only in ORT states), as there were large increases in the volume of nursing home cases in both ORT and comparison states. The number of nursing home cases more than doubled in comparison states, from 16 to 34 cases. A much larger increase in volume occurred in ORT states, where the number of nursing home cases increased by 164%, from 11 to 29 cases. Taking nationwide patterns into account, the double difference estimator suggests that *ORT resulted in a 46% increase in nursing home cases.*

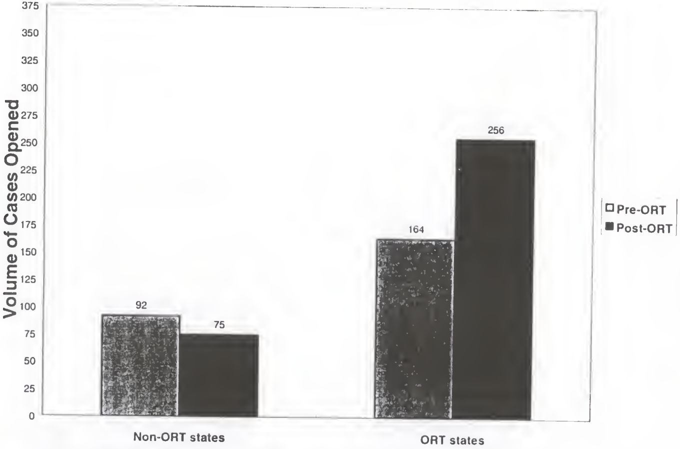
### Exclusion Cases

We noted above a large increase in exclusion cases observed in comparison states, especially during the last six months of the demonstration period. Despite the increase that occurred in comparison states, in

---

[15] The subject type field in CIMS describes the subject(s) of the investigation (i.e., whether they are a DME supplier, a home health agency, a nursing home etc.).

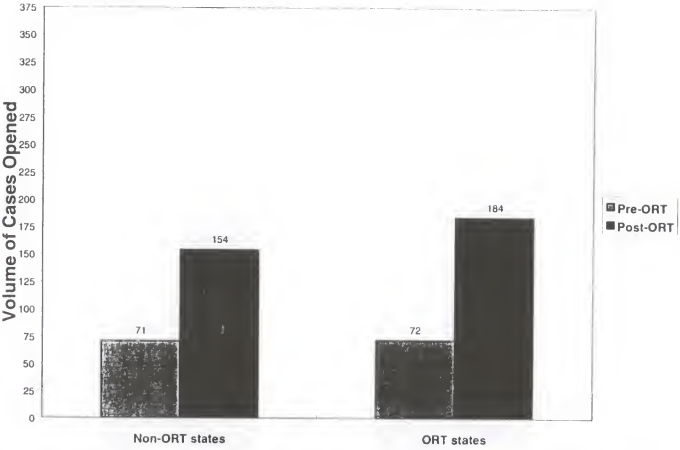
## Exhibit 5-13: ORT Impact Analyses
## Volume of Cases Opened within ORT regions
## Non-exclusion Cases Only



**Source:** CIMS (Figures as of May 28, 1997)

**Notes:**
1. Includes ORT subject types only (DME supplier, Home Health Agency, Nursing Home and Hospice)
2. Comparison states include non-ORT states with an OI suboffice.
3. Pre-ORT period includes cases opened between 4/93-3/95. Post ORT period includes cases opened between 4/95-3/97

## Exhibit 5-14: ORT Impact Analyses
## Volume Opened within ORT Regions - Exclusion Cases Only



**Source:** CIMS (Figures as of May 28, 1997)

**Notes:**
1. Includes ORT subject types only (DME supplier, Home Health Agency, Nursing Home and Hospice)
2. Comparison states include non-ORT states with an OI suboffice.
3. Pre-ORT period includes cases opened between 4/93-3/95. Post ORT period includes cases opened between 4/95-3/97.

**Exhibit 5-15: ORT Impact Analyses**
**Impact of ORT on Volume: Cases Opened by Subject Type-- Non-exclusion Cases**

| Subject Type | ORT states | | | Comparison states | | |
|---|---|---|---|---|---|---|
| | Pre-ORT period | ORT period | % Change | Pre-ORT period | ORT period | % Change |
| DME supplier | 123 | 163 | +32% | 114 | 62 | -46% |
| Home health agency | 29 | 72 | +148% | 43 | 40 | -7% |
| Hospice | 1 | 1 | 0% | 0 | 4 | -- |
| SNF | 11 | 29 | +164% | 16 | 34 | +113% |

Source: CIMS

the double difference model, ORT was associated with moderate increases in the volume of DME supplier and nursing home exclusion cases.

Across ORT states, the number of DME supplier exclusion cases increased by 62%, from 43 to 70 cases (Exhibit 5-16). In comparison states, the volume of DME supplier exclusion cases increased by 34%, from 29 to 39 cases. ORT was thus associated with a 21% increase in the volume of exclusion cases against DME suppliers.

**Exhibit 5-16: ORT Impact Analyses**
**Impact of ORT on Volume: Cases Opened by Subject Type-- Exclusion Cases**

| Subject Type | ORT states | | | Comparison states | | |
|---|---|---|---|---|---|---|
| | Pre-ORT period | ORT period | % Change | Pre-ORT period | ORT period | % Change |
| DME supplier | 43 | 70 | | 29 | 39 | |
| Home health agency | 11 | 18 | | 4 | 21 | |
| Hospice | 0 | 0 | | 0 | 0 | |
| SNF | 18 | 96 | | 61 | 200 | |

Source: CIMS

Due primarily to higher volume in Texas, the number of nursing home exclusion cases increased by more than 400%, from 18 to 96 cases. The number of nursing home exclusion cases increased by 228%, from 61 to 200 cases, across comparison states. There were fewer home health agency exclusion cases in both ORT and comparison states. In ORT states, the number of home health agency exclusion cases increased from 11 to 18, a smaller increase than occurred in comparison states, where the number of exclusion cases increased from 4 to 21 cases, a 425% increase.

### 5.2.5 Impact of ORT on Case Sources

*Non-exclusion Cases*

The ORT partnership model was associated with an increase in the number of referrals from ORT partners and other agencies that participated in ORT. Given the large increases in case volume associated with ORT, the actual proportion of cases referred by these agencies did not increase, although the absolute number of referrals did rise.

- The number of cases referred by HHS agencies other than HCFA (primarily OAS) increased by 47% in ORT states, while declining slightly in comparison states (Exhibit 5-17).
- The small number of cases referred directly by HCFA was small, but increased from 5 to 8 across ORT states (remaining at about 3% of total cases), but declined from 6 to 2 in comparison states.
- The number of cases in demonstration states during ORT attributable to a hotline call was relatively small (13), but this represented a large increase relative to the pre-ORT period, when only 2 cases could be traced to hotline calls. No increase in cases referred through hotline calls occurred in comparison states. Six of the 13 cases that resulted from a hotline call were from California. New York had three cases that opened following a hotline call, while Florida and Texas had two each.
- Although the proportion of cases referred by HCFA contractors increased in ORT states from 53 to 81 cases, there was little change in the volume of cases referred by HCFA contractors in comparison states. Texas and Florida had especially large increases in referrals from HCFA contractors. In Florida, referrals from HCFA contractors increased from 9 to 17 during the demonstration period. HCFA contractor referrals increased from 3 to 9 in Texas.
- During ORT, there was a large increase in the volume of cases referred by state agencies.[16] The volume of cases referred by state agencies increased by 150% in ORT states (28 to 70 cases), but declined from 24 to 16 across comparison states. Much of the increase was due to higher volume in New York, where referrals from state agencies increased from 19 to 48 during ORT. In Texas, the number of referrals from state agencies increased from 5 to 14.
- The number of cases referred by Medicare beneficiaries, private citizens, and employees of providers accused of fraud increased by more than 100% during the demonstration period across the five demonstration states (increasing from 13% to 17% of total referrals). (Referrals from these sources in comparison states actually decreased during the ORT period.) The increase in ORT states was due largely to higher volume in Texas and New York. In Texas, the number of cases referred by beneficiaries, private citizens, or employees increased from 3 to 16. In New York, ORT-period cases from this source increased from 5 to 12. While it is not possible to establish a direct causal link between these increases and ORT outreach efforts, this increased

---

[16] CIMS does not identify the name of the state or local agency that referred the case. These cases may reflect referrals from LTC Surveyors, Ombudsmen, and others.

**Exhibit 5-17: ORT Impact Analyses**
**Impact of ORT on Volume: Cases Opened by Source-- Non-exclusion Cases**

| | ORT states | | | Comparison states | | |
|---|---|---|---|---|---|---|
| Source | Pre-ORT period | ORT period | % Change | Pre-ORT period | ORT period | % Change |
| Beneficiary/employee/anonymous | 21 | 44 | +110% | 32 | 24 | -33% |
| HCFA | 5 | 8 | +60% | 6 | 2 | -67% |
| HCFA Contractor | 53 | 81 | +53% | 38 | 35 | -8% |
| HHS (principally OAS) | 17 | 25 | +47% | 27 | 26 | -4% |
| Hotline | 2 | 13 | +550% | 2 | 3 | +50% |
| Local police/local prosecutor | 2 | 0 | -100% | 2 | 1 | -50% |
| State Agency | 28 | 70 | +150% | 24 | 16 | -33% |
| Qui-Tam | 9 | 5 | -44% | 11 | 13 | +18% |
| Dept of Justice | 11 | 5 | -54% | 15 | 7 | -53% |
| U.S. Attorney's Office | 5 | 7 | +40% | 15 | 8 | -47% |
| AOA/SSA/Public Health Service | 2 | 2 | 0 | 0 | 1 | -- |
| Other | 8 | 5 | -38% | 1 | 3 | +200% |
| Total | 164 | 265 | +62% | 173 | 139 | -20% |

Notes: Hotline calls include: a) all cases with a Hotline identification number recorded in CIMS, or b) a source code of "Federal government hotline" or "Federal HHS Hotline". State agencies include Medicaid Fraud Control Units (Sub-source code 700) and "State/local public asst" (Sub-source code 710). HHS source codes include the following sub-source fields: HHS/Office of General Counsel, Dept. of HHS, Audit, and Dept of HHS/OIG and the "Audit" major source field.

Source: CIMS

volume of referrals may reflect the results of outreach efforts targeted at Medicare beneficiaries, providers, trade associations, and ombudsmen.

Overall, there were increases in referrals from all sources, especially state agencies, beneficiaries/ employees/anonymous, and HCFA Contractors. See Appendix 7 (Survey of Cases) for additional information on state referral sources.

*Exclusion Cases*

Across both ORT and comparison states, most exclusion cases resulted from efforts of a state agency, and a large increase in exclusion referrals from state agencies occurred in both demonstration and comparison states (Exhibit 5-18). During ORT, there was also a large increase in exclusion cases referred by HHS agencies. In ORT states, the number of exclusion cases referred by HHS increased from 16 to 40. This increase was the result of additional HHS exclusion referrals in Florida, where volume increased from 4 to 27 during ORT.

**Exhibit 5-18 : ORT Impact Analyses**
**Impact of ORT on Volume: Cases Opened by Source–Exclusion Cases Only**

| | ORT states | | | Comparison state | | |
|---|---|---|---|---|---|---|
| Source | Pre-ORT period | ORT period | % change | Pre-ORT period | ORT period | % change |
| Beneficiary/employee/anonymous | 0 | 1 | – | 0 | 0 | – |
| HCFA Contractor | 1 | 1 | 0% | 1 | 1 | 0% |
| HHS | 16 | 40 | +150% | 11 | 23 | +109% |
| Hotline | 0 | 0 | – | 0 | 1 | – |
| Local police/local prosecutor | 1 | 0 | – | 2 | 1 | -50% |
| State Agency | 54 | 132 | +144% | 74 | 232 | +213% |
| Qui-Tam | | | | | | |
| Dept of Justice | 0 | 5 | – | 2 | 2 | 0% |
| U.S. Attorney's Office | 0 | 1 | – | 4 | 1 | -75% |
| AOA/SSA/Public Health Service | 0 | 1 | – | 0 | 0 | – |
| Total | 72 | 184 | +156% | 94 | 261 | +178% |

Notes: Hotline calls include all cases with a Hotline identification number recorded in CIMS or a source code of "Federal government hotline" or "Federal HHS Hotline". State agencies include Medicaid Fraud Control Units (Sub-source code 700) and "State/local public asst" (Sub-source code 710). HHS source codes include the following sub-source fields: HHS/Office of General Counsel, Dept. of HHS, Audit, and Dept of HHS/OIG and the "Audit" major source field.

Source: CIMS

### 5.2.6 Impact of ORT on Type of Cases Pursued: Major Allegation

The CIMS Situation Report records the allegations being pursued in connection with each case, allowing measurement of changes in the type of cases pursued by OI during ORT.

*Non-exclusion Cases*

Changes in the type of allegation associated with ORT include:

- Cases with allegations related to bribes or kickbacks[17] increased from 20 in the pre-ORT period to 37 during ORT (Exhibit 5-19). In New York, the volume of bribe/kickback cases increased from 5 to 22. Cases with this type of allegation decreased in comparison states.
- The number of non-exclusion cases that involved a sanction allegation[18] increased by more than 300% in ORT states, from 12 to 49 cases. Cases involving a sanction allegation increased by a smaller amount in comparison states (2 to 10 cases). In both the pre- and post-ORT period, almost all of the sanction cases originated in New York.
- The number of false billing cases[19] increased by 44% in ORT states, while declining by nearly 40% in comparison states (95 to 58 cases). All ORT states except for New York had an increase in the volume of false billing cases. The largest increase occurred in Texas, where false billing cases increased from 14 to 36 during ORT.

***Exclusion Cases***

Most exclusion cases involved one of the sanction allegations recorded in CIMS, and, reflecting the large increase in exclusion cases processed by OI during the ORT period, the volume of cases with an exclusion allegation increased in both ORT and comparison states. Across ORT states, the number of exclusion cases with a sanction allegation nearly doubled, from 51 to 100 cases. A larger increase occurred in comparison states, where the volume of cases with a sanction allegation increased from 38 to 85.

During ORT, there was a large increase in the number of exclusion cases related to quality of care issues. Some of these cases may have resulted from the HCFA Survey and Certification reviews that were performed in all ORT states during the demonstration period. The volume of quality of care exclusion cases in ORT states increased from 4 to 34, a 750% increase (Exhibit 5-20). More than 90% of the ORT-period cases were from Texas. In comparison states, the number of quality of care exclusion cases increased from 34 to 110, an increase of more than 200%.

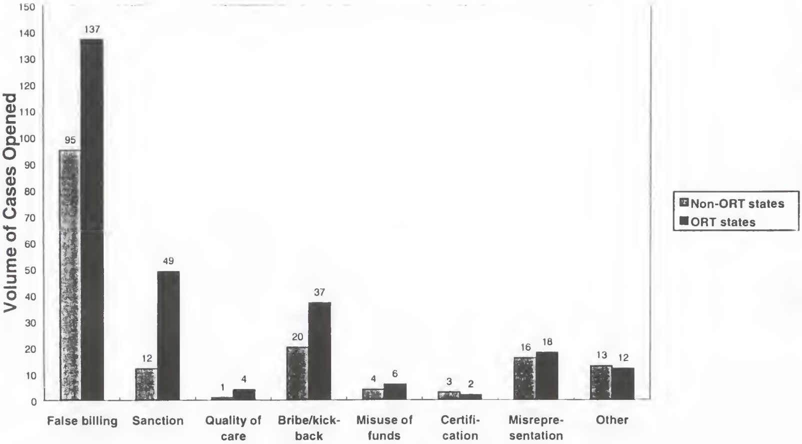
---

[17] These cases include those with an allegation of "accepting bribes," "attempting to bribe," "standards of conduct," "kickbacks," "conflict of interest," and "bid rigging/price fixing."

[18] These cases included those with an allegation of "Sanction-disciplinary action,", "Sanction- Medicaid conviction", and "Sanction-Conviction by HHS/OIG/OI". These cases did not, however, result in any exclusion recorded in CIMS

[19] These cases included those with any of the following allegations: Health care bill fraud, false statement in bid application, false claims for pay benefits, duplicate billing, medically unnecessary services, and overcharging.

## Exhibit 5-19: ORT Impact Analyses
## Volume of Cases Opened by Major Allegation
## Non-exclusion Cases Only



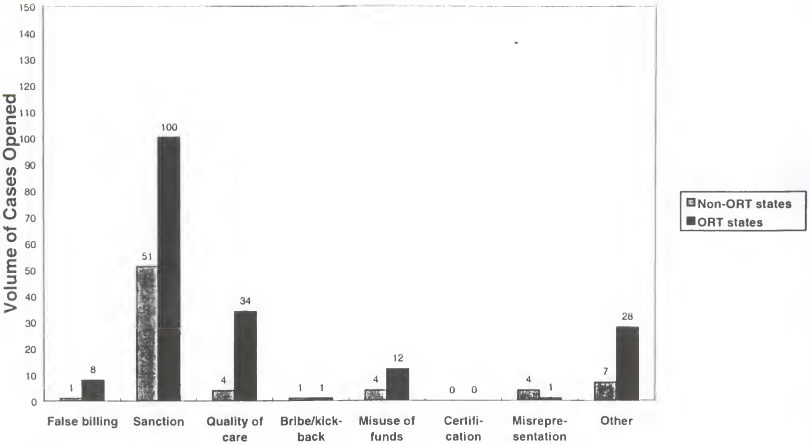
**Source:** CIMS (Figures as of May 28, 1997)

**Notes:** 1. Includes ORT subject types only (DME supplier, Home Health Agency, Nursing Home and Hospice).

2. Comparison states include non-ORT states with an OI suboffice.

3. Pre-ORT period includes cases opened between 4/93-3/95. Post ORT period includes cases opened between 4/95-3/97

## Exhibit 5-20: ORT Impact Analysis
## Volume of Cases Opened by Major Allegation
## Exclusion Cases Only



**Source:** CIMS (Figures as of May 28, 1997)

**Notes:** 1. Includes ORT subject types only (DME supplier, Home Health Agency, Nursing Home and Hospice)
2. Comparison states include non-ORT states with an OI suboffice.
3. Pre-ORT period includes cases opened between 4/93-3/95. Post ORT period includes cases opened between 4/95-3/97

## 5.3 Impact of ORT on Case Development and Outcomes

Exhibits 5-21 - 5-24 report preliminary estimates of ORT impacts on case development and outcomes. These measures are based on outcome measures that have been artificially censored or double artificially censored, depending on when the case opened and when outcomes were observed for the case (see Section 5.1 above). Given the large, often unpredictable amounts that result from cases that are accepted for prosecution and go to trial (or have a pre-trial settlement), our estimates of ORT impacts may change dramatically as pending cases reach a final outcome. Nevertheless, the figures reported in this section represent our best estimate of the impact of ORT on case development and outcomes, given the data that are currently available.

The information reported in these exhibits allow for several estimates of ORT effects:

- To estimate the impact of ORT using the narrow ORT1 definition, which only includes as ORT-related those cases that opened during the demonstration period, compare the outcomes observed in demonstration and comparison states during ORT (i.e., the "pure ORT" box in Exhibit 5-3) to outcomes observed in the April 1993-March 1995 pre-ORT period (i.e., the "pure pre-ORT" box in Exhibit 5-3).

- To consider the potential impact of ORT on cases that were pending when the demonstration started, using the broader ORT2 definition, compare the outcomes observed during ORT for cases that opened in either the ORT or pre-ORT periods (i.e., the "pure ORT" and "ORT-influenced" boxes from Exhibit 5- 3) to outcomes observed during the pre-ORT period for cases that opened between April 1991- March 1995 (i.e., the "pure pre-ORT" and the "pending at start of pre-ORT period" boxes in Exhibit 5-3).

### 5.3.1 Impact of ORT on Case Development

Across the ORT states, 68% of the 265 non-exclusion cases that opened during the demonstration period were still pending as of the last date covered by our CIMS data (May 27, 1997) (Exhibit 5-21), including 21 cases that have been accepted for criminal prosecution and four that were accepted for civil action. In comparison states, about 50% of non-exclusion cases that opened during the demonstration period were still pending, including ten cases accepted for criminal prosecution and ten for civil action. This difference may reflect a slight "backing up" in the case queue in ORT states, due to the higher volume of cases.

Exhibit 5-21 reports changes associated with ORT in the number of cases successfully referred by OI for prosecution. Changes associated with ORT for cases that opened during the demonstration period (i.e., "pure ORT" cases) included the following:

- ORT was associated with a modest increase in the number of cases accepted for prosecution. In demonstration states, the number of cases accepted for prosecution increased from 41 to 43 (using artificially censored data for the pre-ORT period). Across comparison states, the number of cases successfully referred for prosecution declined from 32 to 27. The net result is a 20% increase in the number of cases accepted for prosecution. Because there are many more pending cases from the ORT period and ORT states than in either comparison states or the pre-ORT period (as of the

**Exhibit 5-21: ORT Impact Analyses**
**Impact of ORT on Case Development: Non-Exclusion Cases**

| | ORT states | | | | Comparison states | | | |
|---|---|---|---|---|---|---|---|---|
| **date outcome observed:** | **Pre-ORT period** | | **ORT period** | | **Pre-ORT period** | | **ORT period** | |
| **date case opened:** | **4/93-3/95 (pre-ORT)** | **4/91-3/93; pending 4/93** | **4/95-3/97 (pure-ORT)** | **4/93-3/95, pending 4/95** | **4/93-3/95 (pre-ORT)** | **4/91-3/93; pending 4/93** | **4/95-3/97 (pure-ORT)** | **4/93-3/95, pending 4/95** |
| Cases opened | 164 | (98) | 265 | – | 173 | (197) | 139 | – |
| Cases closed | 55 | 45 | 83 | 69 | 63 | 40.5[A] | 69 | 77 |
| Cases opened but pending | 109 | 12 | 182 | 40 | 107 | 8[A] | 70 | 33 |
| % of open cases that were pending | 66.5% | – | 68.6% | 24.3% | 61.8% | – | 50.3% | 19.1% |
| Total trial/pre-trial diversions | 6 | 6 | 23 | 17 | 13 | 12[A] | 14 | 18 |
| Criminal | 1 | 4 | 5 | 9 | 5 | 6.5[A] | 2 | 5 |
| Civil | 5 | 2 | 18 | 8 | 8 | 5.5[A] | 12 | 13 |
| Total cases accepted for prosecution | 41 | 6 | 43 | 5 | 32 | 4.5[A] | 27 | 5 |
| Criminal | 27 | 5 | 26 | 5 | 18 | 4[A] | 13 | 1 |
| Civil | 14 | 1 | 17 | 0 | 14 | 0.5[A] | 14 | 4 |
| Total criminal indictments | 1 | 2 | 7 | 2 | 2 | 1[A] | 1 | 2 |

Note: Case development dates are based on date of criminal trial/pre-trial settlement for criminal and civil cases. If this date is not recorded, then outcome is based on the date that the case closed.

A: Comparison period pre-ORT influenced outcomes have been adjusted to control for differences in the number of cases that were pending at the start of the pre-ORT period in demonstration and comparison states.

Source: CIMS

point at which pre-ORT period outcomes were censored for pre-post comparisons), the impact of ORT on cases accepted for prosecution is likely to increase.[20]

- ORT was associated with an increase in the number of cases that either went to trial or reached a pre-trial settlement. In the five ORT states, 23 cases from the demonstration period had a trial or pre-trial diversion. Only six cases from the pre-ORT period went to trial prior to the end of the artificially censored pre-ORT observation period ending May 28 1995. In comparison states, there was little change in the number of cases that went to trial (an increase from 13 to 14 cases during the ORT period). The large impact of ORT on the volume of cases that went to trial suggests that USAOs are playing a more active role in pursuing health care fraud cases in ORT states. It is also consistent with OI providing higher quality cases to prosecutors sooner in the case timeline.

ORT may also affect the development of cases that opened in the pre-ORT period but were still pending as of the demonstration start date. To measure the impact of ORT on these cases, we compared case development milestones that occurred during ORT for pre-ORT cases (i.e., Box B in Exhibit 5-2) to milestones observed during the pre-ORT period for cases that opened in the pre-pre-ORT period (i.e., the two years preceding the pre-ORT period, or Box D in Exhibit 5-2). If ORT affects the development of pending cases, then more of these cases should be accepted for prosecution or go to trial during the ORT period in ORT states, relative to the pre-ORT period and comparison states.

- ORT did not appeared to influence the successful referral for prosecution for cases that were pending when the demonstration started. Five cases that opened in the pre-ORT period were accepted for prosecution during ORT in the demonstration states, but six cases that opened in the two years prior to the pre-ORT period were accepted for prosecution during the pre-ORT period. There was little change in successful referral for prosecution of pending cases in comparison states.

- During ORT, 17 cases that opened in the pre-ORT period had either a trial or a pre-trial settlement. This represented a large increase relative to the pre-ORT period, when six cases that opened in the two years preceding the pre-ORT period went to trial. In comparison states, the number of pending cases that had a trial or pre-trial settlement increased from 12 to 18 during the demonstration period, but, since the increase was larger in ORT states, ORT was associated with an estimated net increase in the number of cases that went to trial or a pre-trial diversion.

In describing the effects of ORT on case development, it must be kept in mind that we have made no attempt to control for case complexity[21] or the length of time that cases were actually open within the observation periods. From Exhibit 5-7, most of the ORT cases did not open until 1996. However, the median length of time that cases were observed was similar for cases from the ORT and (artificially censored) pre-ORT periods, as well as from demonstration and comparison states. This suggests that results should not be affected by a skewed distribution of case opening dates from the ORT period/ORT state cohort.

---

[20] Nationwide, 20% of the non-exclusion cases that opened between 1991 and 1994 resulted in successful referral for prosecution. To date, only 16% of the non-exclusion cases that opened during the ORT period have yet resulted in successful referral to prosecutors.

[21] Indeed, we were told by OI that no good proxies for case complexity are reported in CIMS. Our own work confirms that point.

### 5.3.2 Impact of ORT on Receivables Established and Medicare Recoveries

OI cases result in potential savings for the Medicare program through direct monetary recoveries from providers (i.e., due to fines, judgements, recoveries, settlements, or restitution). CIMS reports the accounts receivable that are established as a result of OI cases. It does not, however, track these receivables to actual collection from providers, as collection of these funds is not the responsibility of OI. Exhibit 5-22 reports the impact of ORT on receivables established from OI cases.

The receivables estimates reported here must be regarded as preliminary, given that 68% of ORT non-exclusion cases from demonstration states were still pending as of the data cutoff point. As described in the Evaluation Design section, we estimate the expected receivables of pending cases, conditional on how far the case has proceeded in the case development cycle. The estimates derived using this method give our best possible guess of the ultimate outcome of pending cases, but, must be regarded as speculative in nature.

We report a variety of estimates of the impacts of ORT on receivables established and Medicare recoveries. Comparisons can be made using only cases which opened during ORT (i.e., using the ORT1 definition), or also including cases that were pending when ORT started that may have been influenced by ORT (i.e., the additional cases considered to be ORT-related using the broader ORT2 definition). In addition, we report separately three measures of ORT's impact, which vary with respect to what is included in the estimated impact:

- Medicare recoveries: HCFA data on actual recoveries for ORT cases was used to calculate the percentage of receivables that were actually returned to the Trust Fund. This figure represents actual "money in the bank" and represents the most conservative estimate of ORT effects.

- Receivables established: This measure uses only receivables reported in CIMS (i.e., on completed cases. This estimate of ORT savings does not consider the proportion of receivables that are never collected by Medicare, but also does not include any expected receivables from pending cases. As a result, this measure reflects a medium-sized estimate of the impacts of ORT.

- Receivables established including expected receivables for pending cases: This is the broadest estimate of savings associated with ORT. In addition to all of the receivables identified in CIMS, it includes the conditional expected value of pending cases (see Section 5.1.2). While these estimates represent our best guess of the ultimate outcome of these cases, the estimates are speculative. Given that not all receivables will be returned to the Medicare Trust Fund, this estimate probably overstates the ultimate savings associated with ORT.

For all three estimates, ORT impacts are adjusted based on the double difference model, which compares measures of change (from the pre-ORT period) are for ORT and comparison states. This is an important difference from the ORT Performance Indicators, which report total criminal and civil receivables and Medicare recoveries for ORT cases, but do not adjust these measures based on a pre/post or double difference estimator.

**Exhibit 5-22: ORT Impact Analyses**
**Receivables Established from Criminal, Civil, and CMPL Cases and Administrative Actions**

| | ORT states | | | | Comparison states | | | |
|---|---|---|---|---|---|---|---|---|
| **date outcome observed:** | **pre-ORT period** | | **ORT period** | | **Pre-ORT period** | | **ORT period** | |
| **date case opened:** | **4/93-3/95 (pre-ORT)** | **4/91-3/93; pending 4/93** | **4/95-3/97 (pure-ORT)** | **4/93-3/95, pending 4/95** | **4/93-3/95 (pre-ORT)** | **4/91-3/93; pending 4/93** | **4/95-3/97 (pure-ORT)** | **4/93-3/95, pending 4/95** |
| **Type of receivable:** | | | | | | | | |
| # of cases with receivable established (% of total[A]) | 10 (10.3%) | 6 (13.3%) | 25 (9.4%) | 17 (25.3%) | 14 (14.1%) | 24 (34.7%) | 20 (14.3%) | 23 (31.1%) |
| Criminal receivables | $3,280,331 | $2,017,759[B] | $297,362 | $4,057,472 | $176,204 | $881,335 | $430,771 | $17,031,051 |
| Civil receivables | $5,119,982 | $5,606,664[B] | $63,488,527 | $35,037,747 | $5,578,395 | $10,210,753 | $10,276,793 | $52,117,229 |
| CMPL receivables | $0 | $0 | $2,867,640 | $3,524,000 | $273,000 | $3,662,360 | $918,404 | $1,693,580 |
| Administrative receivables | $586,871 | $0 | $2,464,506 | $7,318,559 | $27,757 | $871,000 | $10,337,603 | $1,650,810 |
| Total *excluding* receivables from administrative cases and program savings (% change from pre-ORT period) | $8,400,313 | $7,624,423[B] | $66,653,529 (+693%) | $42,619,219 (+458%) | $6,027,599 | $14,754,268 | $11,625,968 (+93%) | $70,841,860 (+380%) |
| Total *including* receivables from administrative cases and program savings (% change from pre-ORT period) | $8,987,184 | $7,624,423[B] | $69,118,035 (+669%) | $49,937,778 (+554%) | $6,055,356 | $15,625,268 | $21,963,571 (+262%) | $72,492,670 (+363%) |

Note: Outcome date is based on date of trial/pre-trial diversion for criminal and civil cases. If this date is not recorded in CIMS, then outcome date is based on the date that the case closed

A: Total based on non-exclusion cases only.

B: Comparison period pre-ORT influenced totals have been adjusted to control for differences in case volume between ORT and comparison states between 4/91 and 3/93. During this period, 197 cases opened in comparison states and 97 in ORT states, so the reported figures represent 2 01 the actual amounts in CIMS

Source: CIMS

***Receivables established for cases opened during the demonstration period (i.e. "pure-ORT" cases)***

ORT was associated with large changes in the amount of receivables established from OI cases that opened during the demonstration period (Exhibit 5-22).

- In ORT states, "pure ORT" cases (i.e., ORT1 cases, those that opened during the demonstration period) resulted in receivables established of $66.7 million (excluding program savings and savings from cases that were handled administratively (i.e., without going to a prosecutor). This represented a large increase from the pre-ORT period (as pre-ORT cases would have been observed as of the May 1995 point at which outcomes from the pre-ORT period are artificially censored), during which only $8.4 million in receivables were established (again excluding program and administrative receivables).

- In comparison states, $11.6 million in receivables resulted from cases that opened during the demonstration period[22], an increase from the pre-ORT period, when $6.0 million in receivables were established (for "pure pre-ORT" cases, those that opened during the pre-ORT period).

Regardless of whether program savings are included or excluded from the "receivables established" calculation, the estimated impact of ORT on receivables established is large. Excluding outcomes from administrative cases and program savings, ORT was associated with an increase of more than $54,000,000 in receivables established (taking into account patterns observed in comparison states using the double difference estimator). This represents a net impact of more than 500%. When administrative cases and program savings are also considered, the estimated impact of ORT on receivables established is $36.6 million, for an estimated ORT impact of more than 200%.

We also analyzed the receivables established for individual ORT states:

- Fourteen of the twenty-five ORT cases that had identified receivables identified by the data cutoff point resulted from cases developed by OI in Florida, and OI in Florida was responsible for 70% of the receivables established for cases that opened during ORT. Nearly 50% of the total receivables established in ORT states for ORT-period cases was the result of a single civil case against a Florida DME supplier, which resulted in a $32.4 million civil judgement. It is difficult to know what to make of Florida's dominance in this category, but it may be partly due to the large number of fraudulent DME suppliers believed to exist in Florida. Some of the documented cases of fraud were so clear-cut that cases were accepted for prosecution rather quickly, and did not require the same amount of case development work as other cases.

- The other four demonstration states had between one (California) and four (Texas) ORT period cases that resulted in an identified monetary outcome. ORT-period cases opened by

---

[22] There was an additional $10.3 million in administrative resulting from two cases, $9.4 million of which was the result of a Wisconsin home health agency case.

OI in California resulted in only $294,862 in receivables, the result of a DME Supplier case opened in May 1995. The three Illinois cases that achieved a final outcome resulted in $9.3 million in receivables, including a civil case against a DME supplier that resulted in a $5.9 million settlement.

- Nineteen of the ORT period cases that resulted in the establishment of a receivable involved DME suppliers. Four of the cases involved nursing homes and the other two involved home health agencies.

### *Receivables established for cases that were pending at the start of the ORT/pre-ORT period (i.e. "ORT-influenced" cases)*

ORT was also associated with a large increase in receivables established for cases that were pending when the demonstration started (Exhibit 5-22).

- In ORT states, 17 cases that were pending when the demonstration started achieved a monetary outcome during ORT, resulting in receivables established of $42.6 million, and an additional $7.3 million in program and administrative savings. Nearly half of this total was the result of a single case (against a Texas DME supplier), which resulted in a $20.8 million settlement. This was a large increase relative to the pre-ORT period. Six cases that opened in the pre-pre-ORT period (the two years preceding the pre-ORT period) had a monetary outcome during the pre-ORT period, resulting in the establishment of $7.6 million in receivables (adjusted for the difference in the number of pending cases observed at the start of the pre-ORT period for demonstration and comparison states).

- In comparison states, cases that were pending when the ORT period started resulted in receivables or $70.8 million. $50.0 million of this total was the result of two cases against Georgia home health agencies. This represented a large increase from the pre-ORT period. Twenty-four cases that were pending at the start of the pre-ORT period achieved a monetary outcomes, resulting in receivables of $14.7 million.

As discussed above, while the actual opening of these ORT-influenced cases cannot be attributed to ORT, (the cases were opened prior to the start of the demonstration period), ORT may have influenced the development and ultimate outcome of these cases. To be sure, it is not possible to determine how the outcome of these cases would have been different in the absence of ORT.

Given the pre-post changes observed in demonstration and comparison states, ORT was associated with a $5.9 million increase in receivables resulting from cases that were pending as of the start of the demonstration period (excluding program savings and receivables resulting from administrative cases), an increase of more than 80%. When program and administrative savings are considered, the estimated ORT impact increases to $32.3 million. Note that this impact is due more to a low volume of receivables from pending cases in ORT states during the pre-ORT period ($7.6 million), relative to pending cases from comparison states during the pre-ORT period ($14.7 million).

### *Conditional Expected Receivables for Pending Cases*

Because there are more than twice as many cases pending in ORT states than in comparison states (Exhibit 5-23), the measured impact of ORT on receivables established is likely to widen as more cases reach a final outcome. There are also more cases from the ORT period pending then in the comparable (censored) pre-ORT period (as it would have been observed in May 1995), so estimated pre-post differences are also likely to increase through time.

To estimate the expected receivables for pending cases, we used the conditional expected savings figures reported in Exhibit 5-4 and information on the status of pending cases at the end of each observation period (Exhibit 5-23). Given the extremely large standard deviation associated with the conditional expected receivables (the figures are not statistically different from zero due to the large standard deviation), these estimates are not likely to prove to be precise. But they do represent our best guess, given the information currently available to us, of what the outcome of pending cases is likely to be.

The conditional expected receivables for the 182 ORT period/ORT state cases that were pending as of the cutoff date of our CIMS data is $85.8 million (Exhibit 5-23). This figure includes $66 million for pending cases that had not been accepted for prosecution (167 cases times $400,244 per case), $14.4 million for the 21 pending cases that had been accepted for criminal prosecution (21 cases times $685,857 per case), and $4.6 million for the four pending civil cases (4 cases times $1,146,356 per case).

By contrast, the expected conditional receivables for ORT state cases that were pending at the end of the pre-ORT period was $47.4 million (from Exhibit 5-22, these cases had resulted in actual receivables of $42.6 million as of May 1997).

The conditional expected receivables for the 70 demonstration period cases from comparison states is $35.4 million, more than $50 million less than for ORT states. Expected receivables were 31% lower during ORT in comparison states than in the pre-ORT period, reflecting the lower volume of comparison state cases that opened during ORT.

Given the figures reported in Exhibit 5-23, we estimate that ORT will be associated with an additional $53.1 million in receivables resulting from cases that are still pending. This estimate is based on the double difference estimator, and reflects the much higher volume of non-exclusion cases associated with ORT. This represents a net increase in expected receivables of 110%, relative to the pre-ORT period, and an overall impact of 162%, given the pre/post trends observed in comparison states.

When ORT-influenced cases are also considered (i.e., using the broader ORT2 definition), the expected impact associated with ORT decreases slightly, but our estimate is that ORT will still result in an additional $51.8 million in receivables from pending cases, relative to what would have occurred in the absence of the demonstration.

**Exhibit 5-23: ORT Impact Analyses**
**Conditional Expected Receivables for Pending Cases**

| | ORT states | | | | Comparison period | | | |
|---|---|---|---|---|---|---|---|---|
| **date outcome observed:** | **pre-ORT period** | | **ORT period** | | **Pre-ORT period** | | **ORT period** | |
| **date case opened:** | **4/93-3/95 (pre-ORT)** | **4/91-3/93; pending 4/93** | **4/95-3/97 (pure-ORT)** | **4/93-3/95, pending 4/95** | **4/93-3/95 (pre-ORT)** | **4/91-3/93; pending 4/93** | **4/95-3/97 (pure-ORT)** | **4/93-3/95, pending 4/95** |
| Cases opened but pending–(No acceptance for prosecution or indictment) | | | | | | | | |
| Number | 99 | 24[B] | 167 | 36 | 90 | 16 | 54 | 33 |
| Expected receivables[A] | $39,624,156 | $9,605,856[B] | $66,840,748 | $14,408,784 | $36,021,960 | $6,403,904 | $21,613,176 | $13,208,052 |
| Accepted for criminal prosecution and pending | | | | | | | | |
| Number | 8 | 0 | 21 | 4 | 10 | 0 | 10 | 0 |
| Expected receivables[A] | $5,486,856 | 0 | $14,402,997 | $2,743,428 | $6,858,570 | 0 | $6,858,570 | 0 |
| Accepted for civil prosecution and pending | | | | | | | | |
| Number | 2 | 0 | 4 | 0 | 7 | 0 | 6 | 0 |
| Expected receivables[A] | $2,292,712 | 0 | $4,585,424 | 0 | $8,024,492 | 0 | $6,878,136 | 0 |
| Total expected savings for pending cases (% change from pre-ORT period) | $47,403,724 | $9,605,856[B] | $85,829,169 (+81%) | $17,152,212 (+79%) | $50,905,022 | $6,403,904 | $35,349,882 (-31%) | $13,208,052 (+106%) |

A: Expected savings based on conditional expected savings figures reported in Exhibit 5- 3.

B: Comparison period pre-ORT influenced totals have been adjusted to control for differences in case volume between ORT and comparison states between 4/91 and 3/93. During this period, 197 cases opened in comparison states and 97 in ORT states, so the reported figures represent 2.01 the actual amounts in CIMS
Source: CIMS

### *Actual Monetary Recoveries for ORT Cases*

HCFA has been tracking the funds actually recovered for ORT cases. This represents receivables that have been collected by the government. As of June 1997, $18 million had been actually recovered by Medicare for cases identified by OI as ORT-related (Exhibit 5-24). $5.5 million of this total resulted from cases defined as ORT-related using the ORT1 definition (i.e., cases from ORT states with an ORT subject type that opened during the demonstration period).

An additional $1.5 million in Medicare recoveries is reported for cases from ORT states that were pending when the demonstration started. This figure is likely to understate the actual Medicare recoveries from these cases, since not all of them cases are considered ORT-related by OI. HCFA did not track recoveries for cases that we defined as ORT-related using the ORT2 definition that were not considered ORT-related by OI.

Approximately $4 million of the total savings reported by HCFA could *not* be linked to the CIMS data, perhaps due to discrepancies in the case numbers reported by OI and HCFA. If the unlinked amounts are assumed to have the same distribution across state and time period as records that could be linked to CIMS, then our estimate of actual Medicare recoveries for ORT period cases increases to just over $7.0 million. This figure represents just over 10% of receivables established as a result of those cases, although the percentage will certainly rise through time as additional funds are recovered by Medicare.

**Exhibit 5-24: ORT Impact Analyses**
**Medicare Recoveries (ORT states and ORT period only)**

| Period that case opened: | # of cases with recoveries | Medicare Recoveries |
|---|---|---|
| ORT period ("Pure ORT") | 12 | $5,464,703 |
| Pre-ORT period ("ORT-influenced") | 9 | $1,489,288 |

Notes: Data on actual Medicare recoveries covers the period through June 12, 1997

Sources: HCFA, CIMS

### *Summary of Impact of ORT on Receivables Established and Monetary Savings*

Exhibits 5-21 - 5-24 presented a range of estimated ORT impacts, which can be used to establish upper and lower bounds of the effects on receivables and recoveries associated with ORT (Exhibits 5-25 - 5-28). Exhibit 5-28 illustrates the alternative measures of the impact of ORT on Medicare recoveries and receivables identified that we report in this section. Regardless of which definition one used to define ORT cases, and regardless of which outcomes are assumed for pending cases, the demonstration had a large impact on receivables established by OI.

- Considering only cases that opened during ORT ("pure-ORT" cases), ORT was associated with a net impact of $50.4 million in receivables identified for non-pending cases (Exhibit 5- 25, Exhibit 5-28). This figure includes an estimated $4.1 in actual Medicare recoveries. When the outcome of pending cases is imputed using conditional expected receivables, the estimated impact for ORT period cases increases to $108 million.

**Exhibit 5-25: ORT Impact Analyses**
**Summary of Receivables Established and Medicare Recoveries for Cases Opened During the Demonstration Period (i.e., "Pure-ORT" cases)**

| | ORT-states | | | Comparison states | | |
|---|---|---|---|---|---|---|
| Period | estimated Medicare recoveries[A] | receivables identified for completed cases[B] | including conditional expected receivables for pending cases[C] | estimated Medicare recoveries[A] | receivables identified for completed cases[B] | including conditional expected receivables for pending cases[C] |
| Pre-ORT | $688,741 | $8,400,313 | $55,804,037 | $494,202 | $ 6,027,599 | $56,932,621 |
| ORT (Percentage change from pre-ORT period) | $5,464,703<br>(+693) | $66,653,529<br>(+693%) | $152,482,698<br>(+173%) | $953,213<br>(+93%) | $11,625,968<br>(+93%) | $46,975,850<br>(-21%) |
| Pre-post difference | +$4,775,962 | +$58,253,216 | +$98,678,661 | +$459,010 | +$5,598,369 | -$9,956,771 |
| Estimated ORT impact[D] | +$4,132,446 | +$50,401,878 | +$108,259,832 | | | |

Note: Program savings and receivables due to administrative cases excluded.

A: Figures from Exhibit 5- 24. Percentage in comparison states and the pre-ORT period is assumed to be the same as for ORT states during the demonstration period.
B; Figures are from Exhibit 5- 22.
C: Sum of figures on Exhibit 5-s 22 and 23.
D: Double difference estimator

Source: CIMS

**Exhibit 5-26: ORT Impact Analyses**
**Summary of Receivables Established and Estimated Medicare Recoveries for Cases Closed During the Demonstration Period (i.e., "ORT-influenced" cases)**

| | ORT-states | | | Comparison states | | |
|---|---|---|---|---|---|---|
| Period | estimated actual Medicare recoveries[A] | receivables as reported in CIMS[B] | receivables including conditional expected receivables for pending cases[C] | estimated actual Medicare recoveries[A] | receivables as reported in CIMS[B] | receivables including conditional expected receivables for pending cases[C] |
| Pre-ORT | $625,126 | $7,624,423[E] | $12,427,351 | $1,209,702 | $14,754,268 | $21,158,172 |
| ORT (Percentage change from pre-ORT period) | $3,494,350<br>(+458%) | $42,619,219<br>(+458%) | $59,771,431<br>(+381%) | $5,808,324<br>(+380%) | $70,841,860<br>(+380%) | $85,700,722<br>(+305%) |
| Pre-post difference | +$2,869,224 | +$24,994,796 | +$47,344,080 | +$4,598,622 | +$56,087,592 | +$73,542,550 |
| Estimated ORT impact[D] | +$487,598 | +$5,947,050 | +$9,444,787 | | | |

Note: Program savings and receivables due to administrative cases excluded.

A: Figures from Exhibit 5- 24. Percentage in comparison states and the pre-ORT period is assumed to be the same as for ORT states during the demonstration period.
B; Figures are from Exhibit 5- 22.
C: Sum of figures on Exhibit 5-s 22 and 23.
D: Double difference estimator
E: Volume-adjusted figures

Source: CIMS

- The estimated impacts associated with ORT for pending cases include $487 thousand in Medicare recoveries, $5.4 million in receivables identified, and $3.5 million for pending cases (Exhibits 5-25, 5-26, 5-27, 5-28).
- Combining "pure-ORT" and "ORT-influenced" cases, ORT was associated with a net increase of $56.3 million in receivables if no outcome is assigned to pending cases, and an impact of $117.7 million if conditional expected receivables are considered. The estimated impact on Medicare recoveries is $4.6 million (Exhibits 5-27, 5-28).

This amount is less than the $141 million in Civil and Criminal receivables reported in the March 1997 ORT Performance Indicators, because it takes into account what would have happened anyway – i.e., it is a double difference estimate and therefore a more unambiguously "incremental" measure of ORT's impact. In Section 5.5, we report our estimate of the performance indicators used by HCFA and OIG to measure the impact of ORT.

**Exhibit 5-27: ORT Impact Analyses**
**Summary of Impact of ORT on Medicare Recoveries and Receivables Established**

| | Impact associated with ORT for: | | |
|---|---|---|---|
| Period | estimated actual Medicare recoveries[A] | receivables as reported in CIMS[B] | receivables including conditional expected receivables for pending cases[C] |
| Pure-ORT cases (ORT1) | $4,132,446 | $50,401,878 | $108,259,832 |
| ORT-influenced cases (ORT2) | $487,598 | $5,947,050 | $9,444,787 |
| Total | $4,620,044 | $56,348,928 | $117,704,619 |

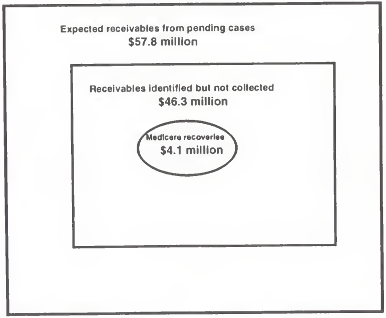
Note: Program savings and receivables due to administrative cases excluded.

A: Figures from Exhibit 5- 24. Percentage in comparison states and the pre-ORT period is assumed to be the same as for ORT states during the demonstration period.
B; Figures are from Exhibit 5- 22.
C: Sum of figures on Exhibit 5-s 22 and 23.
D: Double difference estimator
E: Volume-adjusted figures

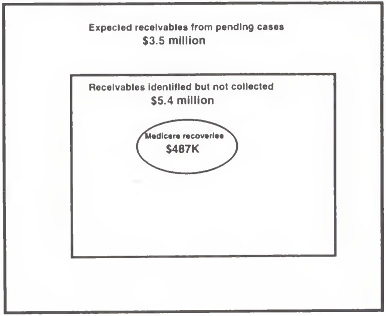
Source: CIMS

# Exhibit 5:28: ORT Impact Analyses
## Alternative Measures of the Impact of ORT on Receivables Established and Medicare Recoveries

Cases opened in ORT period (i.e., pure ORT cases)


Expected receivables from pending cases
$57.8 million
Receivables identified but not collected
$46.3 million
Medicare recoveries
$4.1 million

Cases opened in pre-ORT period and closed during ORT (i.e., ORT influenced cases)


Expected receivables from pending cases
$3.5 million
Receivables identified but not collected
$5.4 million
Medicare recoveries
$487K

**ORT1 ("Pure-ORT") Impacts:**

| | |
|---|---|
| $4 1 million | Medicare recoveries from ORT period cases |
| $50 4 million | Medicare recoveries and receivables identified |
| $108 million | Medicare recoveries, receivables identified, and conditional expected receivables for pending cases |

**"ORT Influenced" outcomes:**

| | |
|---|---|
| $487 thousand | Medicare recoveries from ORT period cases |
| $5 9 million | Medicare recoveries and receivables identified |
| $9 4 million | Medicare recoveries and receivables identified, and conditional expected receivables for pending cases |

**Total ORT impacts: Sum of "Pure-ORT" and "ORT-Influenced" Impacts:**

| | |
|---|---|
| $4 6 million | Medicare recoveries from ORT period cases |
| $56 3 million | Medicare recoveries and receivables identified |
| $117 7 million | Medicare recoveries, receivables identified, and conditional expected receivables for pending cases |

## 5.4 ORT Performance Indicators: Cases Explicitly Identified as ORT-related in CIMS

A final view of the CIMS data we need to present is the designation of cases as ORT or non-ORT by CIMS, using the "PK" code which identified cases related to ORT. Using this definition, 435 non-exclusion cases and 165 exclusion cases have been identified as ORT-related[23]. We note again that, since the 'PK' definition cannot be applied to the pre-ORT cases using the CIMS data we have, our analysis of these cases is a descriptive analysis of ORT cases, not a pre/post or double difference analysis.

### 5.4.1 Volume of Cases Identified as ORT-related in CIMS

*Non-exclusion Cases*

Of the 436 non-exclusion cases identified as ORT-related in CIMS, New York and California each had more than 100 cases, while Florida had 78, Texas had 56, and Illinois had 34 (Exhibit 5-29). Forty-one cases involved subjects in non-ORT states. Most of the cases opened during the demonstration period, although 181 opened before ORT started, including 48 that opened more than two years before the demonstration began.

Overall, 31% (138) of the non-exclusion cases involved non-ORT subject types (Exhibit 5-30). The most common non-ORT subject types were medical practices (22 cases), ambulance companies (12 cases), laboratories (10 cases), podiatrists (16 cases), psychologic practices (12 cases), and private citizens (i.e., the general public) (11 cases). The "leakage" of ORT efforts into this broad range of subject types suggests that the emphasis in the previous sections on ORT-subject type cases may result in underestimates of the actual impacts of ORT. This leakage can be perfectly legitimate, even under the very structured definitions of what constitutes an ORT case, because examinations in nominally non-ORT areas (such as, for example, podiatry) are essential to see how schemes are being perpetuated in conjunction with providers who are obviously ORT-related (e.g., nursing homes).

The individual ORT states varied in the proportion of cases identified as ORT-related in CIMS that involved ORT subject types. In Illinois, only 12 of 34 cases involved an ORT subject type, compared to 83% of the cases from New York and 79% of the cases from Florida (Exhibit 5-32).

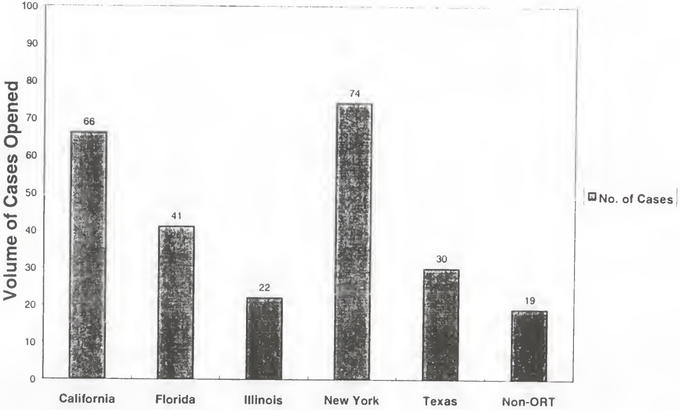
***Exclusion Cases***

Nationwide, 165 exclusion cases were identified in CIMS as ORT-related, including 88 nursing home cases, 62 DME supplier cases, and 12 exclusions of home health agencies (Exhibits 5-31 and 5-32). Texas had the most exclusion cases, with 76. Illinois, with eight cases, had the fewest exclusion cases. Only one exclusion case was from a non-ORT state.

---

[23] Overall, 258 of these cases were opened during the ORT period and 133 opened in the pre-ORT period. Fifty-two of the cases opened prior to the pre-ORT period (i.e., before March 1993).

## Exhibit 5-29: Impact or ORT Analysis
## Volume of Cases Identified as ORT Related by CIMS by states
## Non-exclusion Cases Only



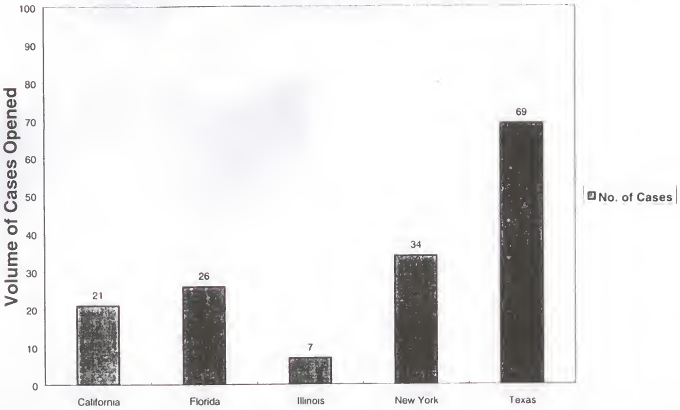
**Source:** CIMS (Figures as of May 28, 1997)

**Notes:** 1. Includes ORT subject types only (DME supplier, Home Health Agency, Nursing Home and Hospice).

2. Comparison states include non-ORT states with an OI suboffice.

3. Pre-ORT period includes cases opened between 4/93-3/95. Post ORT period includes cases opened between 4/95-3/97

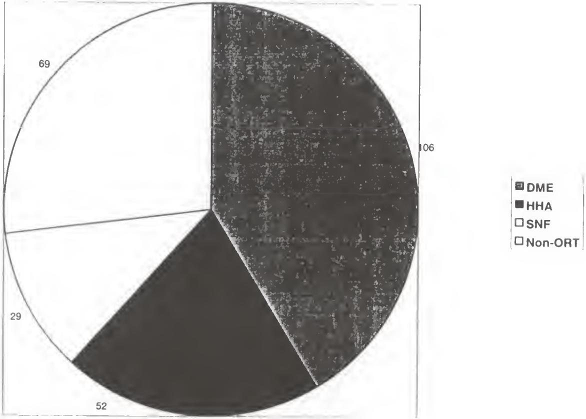
## Exhibit 5-30: Impact or ORT Analysis
## Volume of Cases Identified as ORT Related by CIMS by states
## Exclusion Cases Only



**Source:** CIMS (Figures as of May 28, 1997)

**Notes:**
1. Includes ORT subject types only (DME supplier, Home Health Agency, Nursing Home and Hospice)
2. Comparison states include non-ORT states with an OI suboffice.
3. Pre-ORT period includes cases opened between 4/93-3/95. Post ORT period includes cases opened between 4/95-3/97.

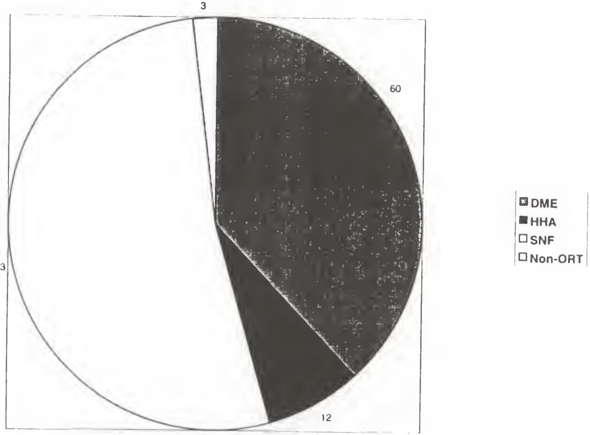
## Exhibit 5-31: Impact or ORT Analysis
## Volume of Cases Identified as ORT Related by CIMS by Subject Type
## Non-exclusion Cases Only



**Source:** CIMS (Figures as of May 28, 1997)

**Notes:**
1. Includes ORT subject types only (DME supplier, Home Health Agency, Nursing Home and Hospice)
2. Comparison states include non-ORT states with an OI suboffice.
3. Pre-ORT period includes cases opened between 4/93-3/95. Post ORT period includes cases opened between 4/95-3/97

## Exhibit 5-32: Impact or ORT Analysis
## Volume of Cases Identified as ORT Related by CIMS by Subject Type
## Exclusion Cases Only



**Source:** CIMS (Figures as of May 28, 1997)

**Notes:**
1. Includes ORT subject types only (DME supplier, Home Health Agency, Nursing Home and Hospice)
2. Comparison states include non-ORT states with an OI suboffice.
3. Pre-ORT period includes cases opened between 4/93-3/95. Post ORT period includes cases opened between 4/95-3/97

### 5.4.2 Outcomes of Cases Identified as ORT-related in CIMS

*Receivables*

Eighty-four cases identified as ORT-related in CIMS have resulted in the establishment of receivables. The distribution of receivables by type is shown in Exhibit 5-33. Note that our figures are slightly higher than those reported in the Operation Restore Trust Performance Indicators, since our data cover two more months than the March 1997 Performance Indicators. As of May 27, 1997, these cases had resulted in the identification of $150 million in receivables resulting from criminal, civil, and CMPL cases, and $17.9 million in actual Medicare recoveries[24]. These cases also resulted in $34.0 million in administrative receivables and program savings, two categories which are not included in the ORT Performance Indicators.

California and Florida had the largest amount of receivables. OI in California was responsible for nearly $49.3 million of the $64.4 million total criminal receivables, and also had an additional $12 million in civil receivables (Exhibit 5-34). OI in Florida produced $50.7 million in civil receivables and the identification of more than $70 million in receivables. Illinois and Texas lagged far behind the other ORT states in the identification of receivables.

*Sanctions*

From Exhibit 5-35, 224 ORT cases remained pending (as of the end of the period covered by our data), including 51 that had been accepted for criminal prosecution and 12 accepted for civil action. Cases identified as CIMS-related in ORT resulted in 54 criminal indictments, 40 criminal trials (or pre-trial settlements), and 44 civil trials/pre-trial diversions (Exhibit 5- 37). Thirty-three cases resulted in prison sentences, and the 178 exclusion cases resulted in the exclusion of 359 individuals from the Medicare program (Exhibit 5-36).

---

[24] According to the ORT Performance Indicators, ORT cases had resulted in the identification of $67.3 million in receivables from criminal cases and $72.8 in receivables from civil cases.

**Exhibit 5-33: ORT Performance Indicators**
**Receivables Established and Medicare Recoveries for Cases Identified as ORT-Related in CIMS**

| Type of receivable identified/collected | Number of cases | Dollar amount |
|---|---|---|
| **Criminal, civil and CMPL receivables** | | |
| Criminal receivables | 40 | $64,427,066 |
| Civil receivables | 44 | $78,162,098 |
| CMPL receivables | 18 | $7,480,873 |
| Total *(excluding administrative receivables and program savings)* | | $150,070,037 |
| **Administrative receivables and program savings** | | |
| Administrative receivables | 9 | $18,200,408 |
| Program savings | 28 | $15,820,401 |
| Total *(including administrative receivables and program savings)* | | $184,090,846 |
| **Actual Medicare recoveries** | 53 | $17,975,660.41 |

Totals are as of May 27, 1997

Sources: CIMS, HCFA.

**Exhibit 5-34: ORT Impact Analyses**
**Receivables Established, Medicare Recoveries, and Exclusions by State and Type**

| | Type of receivable | | | | |
|---|---|---|---|---|---|
| State | Criminal | Civil | CMPL | Administrative | Number of cases with exclusions (total number of exclusions) |
| California | $49,253,225 | $12,585,898 | $3,500,000 | $14,643,855 | 22 (38) |
| Florida | $6,714,669 | $50,743,615 | $2,729,690 | $80,995 | 27 (166) |
| Illinois | $88,160 | $841,764 | $397,196 | 0 | 8 (8) |
| New York | $7,156,898 | $4,678,214 | $24,000 | 0 | 42 (42) |
| Texas | $769,194 | $553,887 | 0 | 0 | 78 (104) |
| Totals | $64,427,066 | $78,162,098 | $7,480,873 | $18,200,408 | 178 (359) |

Totals are as of May 27, 1997

Source: CIMS, HCFA

**Exhibit 5-35: ORT Performance Indicators**
**Investigative Activities for Cases Identified as ORT-Related in CIMS**

| Type of receivable identified/collected | Number of cases |
|---|---|
| Pending cases: Total | 224 |
| Pending cases accepted for criminal prosecution | 51 |
| Pending cases accepted for civil prosecution | 12 |

Totals are as of May 27, 1997

Sources: CIMS, HCFA.

**Exhibit 5-36: ORT Performance Indicators**
**Sanctions for Cases Identified as ORT-Related in CIMS**

| Type of receivable identified/collected | Number of cases |
|---|---|
| Sanctions: Criminal indictments | 54 |
| Criminal trials/pre-trial diversions | 40 |
| Number of cases resulting in prison sentences (number of defendants imprisoned) | 33 (54) |
| Civil trials/pre-trial diversions | 44 |
| Number of cases with exclusions (total number of exclusions) | 178 (359) |

Totals are as of May 27, 1997

Sources: CIMS

## 5.5 Conclusions

ORT had a large impact on the volume and sources of non-exclusion cases opened by OI. Across the five demonstration states, volume increased by 62%, relative to the pre-ORT period. Given the decreased volume observed in comparison states, the demonstration was associated with an 82% increase in the number of non-exclusion cases. While all five ORT states had increases in volume, the largest increases occurred in New York and Texas. ORT was associated with large increases in the volume of non-exclusion cases across all three major ORT focus areas. The number of cases opened against home health agencies and nursing homes more than doubled during the demonstration period. The volume of exclusion cases decreased by 21% during ORT, largely due to an unusually high number of exclusion cases processed during the first three months of 1997. Especially important, we found no evidence that the increased volume resulted from the diversion of resources of efforts to ORT states from comparison states within ORT regions. The positive outcomes that we have estimated as incremental ORT effects– focusing on cases from ORT states and ORT subject types– were not obtained at the expense of pursuing cases in non-ORT states.

The ORT partnership model was associated with some increase in the number of non-exclusion cases referred by HCFA, HHS agencies other than HCFA (primarily OAS), HCFA contractors, and state agencies. The absolute number of calls that could be traced to a hotline call was small (13), but represented a large increase relative to either the pre-ORT period or to comparison states. Across demonstration states, the number of cases referred by Medicare beneficiaries, private citizens, and employees of providers accused of wrongdoing more than doubled during ORT, due largely to higher volume of referrals in New York and Texas. While it is not possible to establish a direct causal link between these referrals and ORT outreach efforts, the increased referrals would be consistent with such efforts.

Estimation of the impact of ORT on the identification of receivables and actual Medicare recoveries was complicated by the fact that the majority of cases that opened during ORT were pending as of the data cutoff point. Obviously, it is not possible to know now what the ultimate outcome of pending cases will be. To estimate the impact of ORT on case development and outcome measures, we used artificially censored outcome measures, using the case development dates recorded in CIMS, allowing us to make relatively unbiased direct comparisons of pre-ORT and ORT-period data. To estimate the anticipated outcome of pending cases, we estimated the conditional receivables of the case, conditional on its point in the case development process. This represents our best guess of the ultimate outcome for pending cases. Estimation of actual Medicare recoveries (as opposed to receivables) was complicated by the lack of data on recoveries for cases from the pre-ORT period or from comparison states.

Regardless of which definition of ORT is used, the demonstration had a large impact on receivables established by OI, and, to date, a necessarily smaller impact on actual Medicare recoveries. Considering only cases that opened during ORT ("pure-ORT" cases), ORT was associated with an impact of $50.4 million in receivables identified for non-pending cases. When the outcome of pending cases is imputed using conditional expected receivables, the estimated ORT impact increases to $108.3 million. The estimated impact on actual Medicare recoveries was $4.1 million. When ORT-influenced cases (i.e., those that were pending when ORT started) are considered, the impact of ORT on receivables established increases to $56.3 million in receivables if no outcome is assigned to pending cases, and an impact of

$117.7 million if conditional expected receivables are considered. The estimated impact on Medicare recoveries is $4.6 million.

Six-hundred cases were designated as ORT-related in CIMS, including 435 non-exclusion cases and 165 exclusion cases. These are the cases used to calculate the CIMS-based ORT performance indicators. Texas and California each had more than 100 non-exclusion cases. Texas was also responsible for 46% of exclusion cases.

Eighty-four of these cases resulted in the establishment of receivables, including $64.4 million from criminal cases, $78.1 million from civil cases, and $7.5 million from CMPL cases. California and Florida were each responsible for more than $50 million in receivables, while Illinois and Texas lagged far behind the other ORT states. By May 27, 1997, these cases had resulted in $17.9 million in actual Medicare recoveries. In addition, these cases resulted in the exclusion of 359 individuals from the Medicare program and the imprisonment of 54 defendants. Because more than 200 cases identified as ORT-related were still pending (as of the point covered by our data), these figures are likely to increase through time.

# Appendix 6
# Analysis of Data from the OAS Audit Information Management System (AIMS)

## 6.0 Introduction

Office of Audit Service (OAS) audits are intended to identify investigative targets and questioned charges, and to make recommendations for policy and program changes to make Medicare and Medicaid less vulnerable to fraud and abuse. ORT has been associated with changes in both the volume and characteristics of audits being performed by OAS. Due in large part to ORT travel funds, OAS has been able to pursue a much larger number of provider-specific audits than in the past. Many of these audits are intended to uncover cases of fraud, either to assist an ongoing OI investigation or lead to referrals to OI. ORT has also been associated with greater collaboration between OAS and HCFA, especially in reviews of home health agencies (see Case Studies of the ORT regions in Appendix 1).

ORT had a very large impact on the volume of audits of ORT focus area providers performed by OAS. Between 1990 and 1994, OAS opened 17 audits of ORT focus area providers located in one of the ORT states (this figure excludes canceled audits). Between January 1995 and April 1997 (the end of the period covered by our data), 116 audits of ORT focus-area providers opened across the five demonstration states. In comparison states, there were 30 ORT-type audits opened in both the pre- and post-ORT periods. Using a somewhat different definition, 133 audits are identified as ORT-related in the OAS Audit Information Management System (AIMS).

Nationwide, of the 21,686 staff days devoted to ORT focus-area audits by OAS between 1995-1997, 18,920 (87%) have been related to ORT-type audits from ORT states, compared to 2,766 for ORT-type audits in non-ORT states. During ORT, across ORT states, auditors have devoted more than five times as many staff days to audits of ORT-type providers than they did on average between 1990-1994.

Although ORT travel funds proved invaluable in allowing OAS to pursue the type of provider-specific audits that had not been pursued in the past, the agency was able to add only a few additional staff with ORT funds. Given the limited additional staff made possible by ORT, some diversion of resources (either from within ORT states or from other states) from other types of audits was necessary in order to achieve this increase in volume. The demonstration was associated with a 70% increase in overall staff days devoted to audits of all types, suggesting that auditors from non-ORT states may have diverted some of their efforts to focus on audits within ORT states.

Data in the OAS audit tracking system allow us to measure changes in collaboration between OAS and other ORT partners associated with ORT. This information provides a complement to what we have learned from our discussions with the ORT regions. The number of audits described as related to an OI investigation increased from 3 between 1990-1994 to 15 during ORT, indicating greater collaboration between OAS and OI. From our site visit discussions, it is clear that ORT has led to increased collaboration between OAS and HCFA. All 16 audits identified as involving collaboration between OAS and HCFA have occurred as a result of ORT, as such collaboration did not occur prior to the demonstration.

Many audits that have identified questioned charges have resulted in referrals to OI for potential criminal prosecution. According to the March 1997 ORT Performance Indicators, these audits could ultimately result in questioned costs of $81 million. Because audits with referrals to OI have been effectively placed on hold pending the outcome of criminal investigations, no Final Report has been issued, and the potential disallowances identified from these audits are not yet reported in AIMS. (questioned charges are not reported in AIMS until after the Final Report is issued). Through April 1997, nine ORT audits identified $21.6 million in questioned costs. Our data do not allow us to track how much of this amount was actually recovered by the government. One other audit (of a Florida home health agency), which opened in 1994 but was still pending when ORT began, and is identified as ORT-related in AIMS, resulted in $25.9 million in questioned costs.

This section presents our estimates of changes in audit volume and characteristics associated with ORT. These estimates are based on comparisons of ORT focus-area audits opened in ORT states during the demonstration period to those from the pre-demonstration period and from a group of comparison states.

## 6.1 Data Source and Evaluation Strategy

### 6.1.1 Data source

OAS audits are tracked by the Audit Information Management System. It contains records from all OAS audits. AIMS reports audit referral sources, subject types, subject location, and information on the development of audits through the audit flow cycle.

The AIMS extract that we received contains information on more than 41,000 audits. Of the audits that opened after 1990, only 231 either involved an ORT focus-area provider[1] or were identified by OAS as related to ORT.[2]

### 6.1.2 Evaluation strategy

Our basic approach for estimating the impact of ORT on OAS audits is to compare measures of change (from the pre-ORT to the ORT period) for ORT states and a group of comparison states. The assumption underlying this approach is that any change in the year-to-year time trend that might have occurred around the time that the ORT demonstration started would have had the same effects in both ORT and comparison states. This methodology offers greater protection against bias from unrelated factors that might have caused changes in audit volume and outcome in ORT states even in the absence of the ORT intervention.

---

[1] AIMS directly identifies audits involving nursing homes or home health agencies, but not audits of DME suppliers or hospices. Audits of DME suppliers and hospices have to be inferred based on information in the audit description field. DME audits were identified based on the presence of "DME", "Supplier," "Dressing" (i.e., for surgical dressing suppliers), "body" (i.e., for body jackets), or "DMEPOS" in the audit description field. Hospices were identified based on the presence of "hospice" in the audit description field.

[2] ORT-related audits are identified based on the presence of "ORT" in the audit description field. AIMS identified 135 audits as ORT-related. 123 of these involved ORT auditee types, and there were also 3 hospital audits, 2 audits of physicians, and 7 audits of other medical professionals identified as ORT-related.

### *1. Defining ORT Audits*

We define ORT audits based on the auditee type, auditee state, and the year that the audit opened. Audits of ORT focus-area providers (including hospices) from ORT states that opened in 1995 or 1996 are considered to be ORT audits. Because the set of audits identified as ORT-related using this method and those identified as ORT-related based on information in the AIMS audit description field, we do not present separate estimates of the impacts of ORT based on the identifier contained in AIMS[3].

### *2. Defining Comparison States*

As we did for our analyses of CIMS contained in Appendix 5, we included as comparison states *all non-ORT states with an OI suboffice.* The complete list of comparison states can be found in Exhibit 5-4. Because of its status as a quasi-ORT state, we excluded audits of Louisiana providers from our comparison group.

To investigate whether auditors from non-ORT states diverted their efforts to audits within the ORT states, two additional comparison state specifications were used:

- ORT states vs. non-ORT states within ORT regions[4]
- ORT regions vs. non-ORT regions

Measures of this sort do not exactly track the potential "opportunity costs" of ORT, but they do help to give us a rough idea of whether increases in ORT-type audits are associated with notable corresponding decreases in other work. The first comparison allows measurement of whether efforts in non-ORT states were diverted in order to focus on audits within ORT states. If, for example, audit volume increased in an ORT state but decreased by a similar magnitude across other states in its region, it seems reasonable to infer that much of the impact observed in the ORT states resulted from diversion of efforts from other states in the region. If substitution of resources is confined within the region, the second comparison allows for a measure of the impact of ORT that is not distorted by this type of diversion of resources.[5]

### *3. Defining the ORT and pre-ORT Periods*

The date fields included in the AIMS data we received permit us to identify the year that audits opened and the date of the most recent entry for the record into the AIMS system.[6] We included audits that opened between 1990-1994 in the pre-ORT period.[7] Audits that opened in 1995 that closed prior to the

---

[3] This practice contrasts with the approach we followed in our analysis of CIMS See Appendix 5 of this report.

[4] We define region based on the states served by the HCFA Regional Office.

[5] Note that, with respect to cases, we did not find evidence of either diversion or spillover effects, likely because of the staff increases associated with ORT (see Appendix 5).

[6] Note that, unlike CIMS, our AIMS data did not identify the month that audits were opened. We designated all 1995 audits as ORT audits, a somewhat overinclusive specification.

[7] Note that this five year period is longer than the 26-month base period used in our analyses of cases (Appendix 5). The longer period was necessary to get a more reliable pre-ORT baseline.

April 1, 1995 ORT starting date were also counted as pre-ORT audits.[8] Audits from 1995 (that had activity after April 1, 1995), 1996, and 1997 were counted as ORT period audits. Because audits tend to be completed more quickly than cases that result in prosecution, and because the analyses contained in this appendix emphasize measures, such as audit volume, auditee type, and the focus and output of audits, that are recorded in AIMS prior to the issuing of the Final Report, none of the elaborate artificial censoring methods used in the analysis of CIMS data were required. In view of the extremely low pre-ORT volume of ORT focus-area audits, any overcount is likely to be trivial.

## 6.2 Estimates of ORT Impacts

Our discussion of the impacts of ORT on OAS audits is divided into four sections. First, we evaluate changes in audit volume, subject types, and requesting agencies associated with ORT. Second, we evaluate how ORT has affected the characteristics of audits being performed by OAS. Third, we discuss the impact of ORT on the identification of questioned costs by OAS. Fourth, we attempt to make rough estimates of some of the "opportunity costs" of ORT in terms of reduced volume of non-ORT audits.

### 6.2.1 Impact of ORT on Audit Volume, Subject Types and Requesting Agencies

*Audit Volume*

ORT was associated with an extremely large increase in the volume of audits of ORT subject type providers (Exhibit 6-1). During ORT, 116 ORT-type audits opened across the five demonstration states, compared to only 17 ORT-type audits that opened between 1990-1994 ORT.[9] Across comparison states, there were 30 audits each in the pre-ORT and ORT periods.

Another way to examine changes in volume associated with ORT is to analyze OAS staff time spent on ORT-type audits. ORT clearly had a major impact on the priorities of OAS auditors. During ORT, 18,920 staff days were devoted to ORT focus-area audits in demonstration states, compared to 3,651 staff days in the pre-ORT period, an increase of 418%. In comparison states, 5,693 staff days were devoted to ORT focus-area audits in the pre-ORT period, compared to 2,766 during ORT, a decrease of 51%.

*Volume by State*

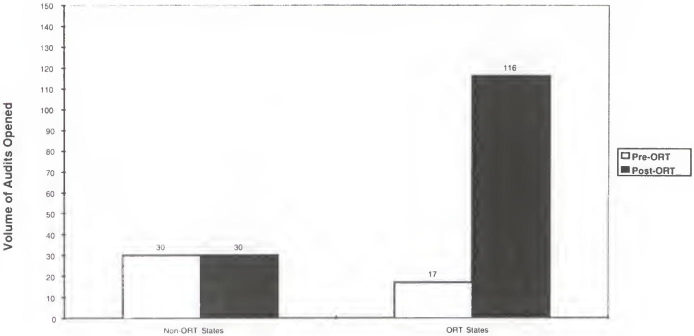
The increase in audit volume associated with ORT was spread across all five demonstration states (Exhibit 6-2). Only Florida had more than five audits of ORT-focus area providers during the pre-ORT period, and two states, Illinois and New York, had no audits of ORT-focus area providers initiated between 1990 and 1994. During ORT, Florida had the most ORT audits, but ORT was associated with a large increase in audit volume for four of the five ORT states. Illinois, which opened only eight audits of ORT subject-type providers, was the only state where ORT was not associated with a large increase in the volume of audits opened.

---

[8] Our AIMS extract did not report the actual date that an audit closed. Closing date was inferred based on the completion/cancellation code and the date of the most recent AIMS entry related to the audit.

[9] Note that for this report, we excluded audit records that appeared to have been established in AIMS merely for the purpose of recording ORT expenditures (e.g., audit records related to attending conferences and meetings). We also excluded audits that were canceled prior to completion or that had zero cumulative staff days.

## Exhibit 6-1: ORT Impact Analyses
## Volume of Audits Opened

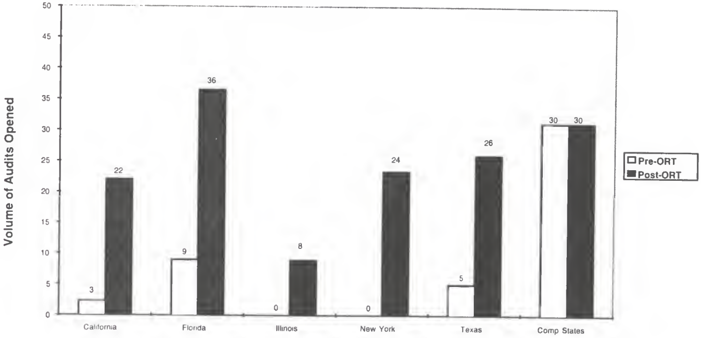


**Source**: AIMS (Data through April 1997)

**Notes:**

1. Includes ORT auditee types only (DME supplier, home health agency, nursing home, hospice).
2. Non-ORT states include all non-ORT states with an OI suboffice.
3. Pre-ORT period includes audits opened 1990-94; ORT period includes audits opened in 1995-97
4. Excludes cancelled audits.

## Exhibit 6-2: ORT Impact Analyses: Audit Volume by State



**Source**: AIMS (Data through April 1997)

**Notes:**

1. Includes ORT auditee types only (DME supplier, home health agency, nursing home, hospice).
2. Non-ORT states include all non-ORT states with an OI suboffice.
3. Pre-ORT period includes audits opened 1990-94; ORT period includes audits opened in 1995-97.
4. Excludes cancelled audits.

In terms of staff days, OAS in Texas devoted the most resources to ORT (Exhibit 6-3). Auditors there devoted 5,892 staff days to ORT, compared to 757 staff days on audits of ORT focus-area providers during the pre-ORT period. Across all five states, ORT was associated with a substantial change in how OAS auditors spent their time. Even in Illinois, which opened relatively few audits during ORT, 2,374 staff days were devoted to audits of ORT-type providers. This total was not much less than that of OAS in New York, which, however, opened three times as many ORT-related audits as Illinois, using that comparable volume of staff days. The reason for comparable staff inputs but different actual number of audits opened may be due to a change in audit practices in New York. During ORT, OAS in New York emphasized "short form" audits to identify and document suspicious behavior quickly (see Appendix 1).

### *Subject Types*

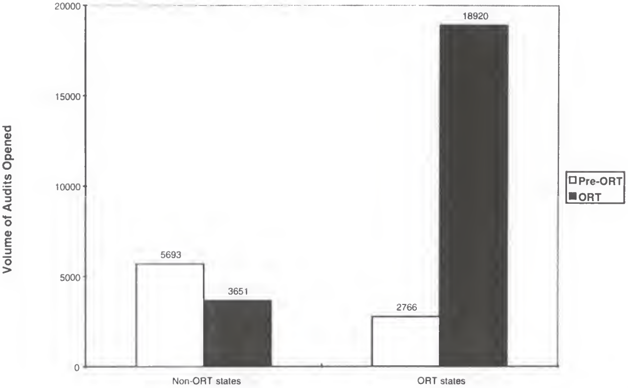
Thirteen of the 17 pre-ORT audits from demonstration states involved home health agencies. During ORT, there were large increases in volume for all four major ORT focus-areas (Exhibit 6-4). Due in large part to the reviews of SNFs performed in most ORT states, the number of nursing home audits increased from two to 45 during ORT. The number of home health agency audits increased from 13 to 41. OAS opened no audits of hospices between 1990 and 1994, but the additional scrutiny placed on hospices (especially those with aberrant numbers of long-term patients or patients with non-terminal conditions) resulted in the opening of 11 audits of hospices. The number of audits of DME suppliers increased from two to 19, with eight of these audits conducted by OAS in New York.

### *Requesting Agency*

During ORT, OAS appeared to be more proactive in initiating audits. Across the five demonstration states, 75 ORT period audits (64% of the total) were self-initiated (i.e., OAS was identified in AIMS as the requesting agency) (Exhibit 6-5). In the pre-ORT period, the demonstration states opened just 10 self-initiated audits. About 50% of audits in comparison states in both the pre- and post-ORT periods were self-initiated. These data may reflect the influence of an explicit ORT goal: to make selection of audit targets more data driven and the follow-up on findings of impropriety by looking for other similar instances. Both of these goals, if achieved, would yield more self-referrals.

ORT partners were the requesting agency for most audits that were not self-initiated by OAS. In ORT states, OI requested nine audits, compared to two in the pre-ORT period. OI requested audits also increased in comparison states, from four to eight. During ORT, OP DIV (which is most often HCFA for audits of ORT subject types) was listed as the requesting agency for 19 demonstration state audits. OP DIV was the requesting agency for only three audits in the pre-ORT period (all three were from ORT states). The increase was due mainly to Florida's reviews of SNFs, 17 of which listed OP DIV (i.e., HCFA) as the requesting agency. This enormous increase in collaboration referrals is also a concise reflection of what ORT sought to achieve, although in this case the effects were more or less confined to a single ORT state.

## Exhibit 6-3: ORT Impact Analyses
## Cumulative Staff Days



**Source**: AIMS (Data through April 1997)

**Notes:**

1. Includes ORT auditee types only (DME supplier, home health agency, nursing home, hospice).
2. Non-ORT states include all non-ORT states with an OI suboffice.
3. Pre-ORT period includes audits opened 1990-94; ORT period includes audits opened in 1995-97.
4. Excludes cancelled audits.

**Exhibit 6-4: ORT Impact Analyses**
**Audit Volume By Auditee Type**

| | ORT states | | Comparison states | |
|---|---|---|---|---|
| **Auditee Type** | **Pre-ORT period** | **ORT period** | **Pre-ORT period** | **ORT period** |
| DME supplier | 2 | 19 | 2 | 3 |
| Home health agency | 13 | 41 | 21 | 17 |
| Hospice | 0 | 11 | 0 | 0 |
| SNF | 2 | 45 | 7 | 10 |
| Totals | 17 | 116 | 30 | 30 |

Note: Canceled audits, audits with zero cumulative staff days, and audit records established for accounting purposes are excluded. Includes audits of ORT focus-area providers only.

Source: AIMS

**Exhibit 6-5: ORT Impact Analyses**
**Impact of ORT on audit characteristics: Requesting Agency**

| | ORT states | | Comparison state | |
|---|---|---|---|---|
| **Requesting Agency** | **Pre-ORT period** | **ORT period** | **Pre-ORT period** | **ORT period** |
| OAS | 10 (59%) | 75 (66%) | 14 (47%) | 16 (53%) |
| OCFAA | 0 (0%) | 1 (1%) | 0 (0%) | 1 (3%) |
| IG | 0 (0%) | 3 (3%) | 3 (10%) | 1 (3%) |
| OI | 2 (12%) | 9 (8%) | 4 (13%) | 8 (27%) |
| RIGA | 1 (6%) | 1 (1%) | 6 (20%) | 1 (3%) |
| PRO | 0 (0%) | 0 (0%) | 2 (7%) | 0 (0%) |
| OP DIV[A] | 3 (18%) | 19 (16%) | 0 (0%) | 1 (3%) |
| Assist USAO | 0 (0%) | 2 (2%) | 0 (0%) | 1 (3%) |
| Other Federal Dept | 0 (0%) | 5 (4%) | 0 (0%) | 0 (0%) |
| Other | 1 (6%) | 1 (1%) | 1 (3%) | 1 (3%) |
| Totals | 17 | 116 | 30 | 30 |

Note: Canceled audits, audits with zero cumulative staff days, and audit records established for accounting purposes are excluded. Includes audits of ORT focus-area providers only.

A: Includes HCFA, Public Health Services, Administration for Children and Families, Office of the Secretary, Administration on Aging, Agency for Toxic Substances and Disease Registry, and Agency for Health Care Policy and Research.

Source: AIMS

### 6.2.2 Characteristics of Audits Being Pursued as a Result of ORT

In addition to its impact on audit volume, ORT appeared to be associated with changes in the characteristics of audits. We focus on changes associated with ORT in the audit approach, as measured by the total staff days required to complete audits, the output associated with audits, and the focus area of work being done for ORT audits.

*Staff Days Required to Complete Audits*

On average, in terms of staff inputs, ORT-type audits were less complex during ORT than in the pre-ORT period. Analysis of recorded staff days allows us to measure whether ORT was associated with changes in the complexity of audits, at least as measured by the intensity of staff resources.

Seventy ORT-period audits from demonstration states are identified as "complete" in AIMS, based on the completion/cancellation code which indicates the current status of audits. These audits required an average of 122 staff days. The 17 pre-ORT audits from demonstration states took, on average, 190 staff days each. There are still 46 ORT-period audits pending, which may increase the average number of staff days devoted to ORT-period audits, but these findings are consistent with what we learned from OAS auditors in the field, who reported that ORT audits tended to emphasize the identification of aberrant providers using a smaller number of claims– there was a greater emphasis on generating referrals for OI or assisting OI in ongoing criminal investigations. In addition, there were deliberate efforts (e.g., in California and New York) to develop "faster turnaround" methods for identifying fraud and referring targets to law enforcement agencies.

*Work Output*

Another measure of whether or not OAS's practices have changed is the output of audits. AIMS includes information on the output produced by each audit. Consistent with the ORT Partnership model, there was a large increase in the number of audits that involved audit-assist work. These audits do not result in the issuing of a formal audit report, but rather a report that is issued internally for OI's use in developing a case.

During ORT, 36 audits (31%) in ORT states had a work output code related to assist-audit work, compared to 3 audits (18%) in the pre-ORT period (Exhibit 6-6). These were primarily audits where OAS assisted either OI with a criminal investigation or HCFA as part of the surveys of SNFs.

ORT has also been associated with a large increase in the volume of audits related to grantee or contractor operations. Many of these audits are provider-specific audits of cost reports or claims. These audits include the reviews of hospice eligibility and many of the ORT reviews of home health agencies.

**Exhibit 6-6: ORT Impact Analyses**
**Impact of ORT on Audit Characteristics: Work Output**

| | ORT states | | Comparison state | |
|---|---|---|---|---|
| **Work Output** | **Pre-ORT period** | **ORT period** | **Pre-ORT period** | **ORT period** |
| Assist audit work | 3 (18%) | 36 (31%) | 8 (27%) | 7 (23%) |
| Audit report on departmental operations | 0 (0%) | 2 (2%) | 0 (0%) | 0 (0%) |
| Audit report on grantee/contractor operations | 5 (29%) | 62 (53%) | 14 (47%) | 12 (40%) |
| Survey work[A] | 2 (12%) | 4 (3%) | 3 (10%) | 4 (13%) |
| Nationwide reporting | 4 (24%) | 2 (2%) | 0 (0%) | 0 (0%) |
| Staff analysis : No report | 1 (6%) | 2 (2%) | 1 (3%) | 5 (17%) |
| Other[B] | 2(12%) | 8 (7%) | 4 (13%) | 2 (7%) |
| Totals | 17 | 116 | 30 | 30 |

A: Survey refers to phase three of the audit process. All audits should be initially coded with a work output code indicating that a report will be issued, but if an audit is ended after the survey phase, the work output code should be changed to "Survey work."

B: Includes audits with the following work ouput codes: audit work prepared by CPA under contract, Follow-up Audit Report, Staff Support, Preaward cost proposal audit award, and Cost Allocation.

Source: AIMS

### *Purpose of Audits*

A final tracer of possible changes in OAS practices concerns the focus of audits. Under ORT, the plan was for OAS to focus more on misbehavior by specific providers, rather than on identifying program vulnerabilities that encourage provider abuse. The difference here is more than semantic. For example, for provider-specific audits, OAS would draw a random sample of claims for a specific suspicious supplier, while program audits typically involve random samples of a cross-section of providers. In the latter case, any given provider typically would have at most only a few claims in the sample, thus creating technical obstacles to identifying illegal behavior by specific providers.

AIMS contains a field which describes the purpose of each audit. ORT was associated with a large increase in the number of audits devoted to issues of program compliance, services provided/delivery systems, and alleged criminal activities (Exhibit 6-7). Audits related to program compliance include many of the provider-specific audits, including those that involve assist-audit work for OI. Due in large part to Florida's reviews of SNFs, the number of audits that focused on services provided/delivered increased from zero to 29 during ORT. These reviews sought to verify whether billed services were ordered, medically necessary, provided and appropriately performed.

**Exhibit 6-7: ORT Impact Analyses**
**Impact of ORT on Audit Characteristics: Audit Focus**

| | ORT states | | Comparison state | |
|---|---|---|---|---|
| **Audit Focus** | **Pre-ORT period** | **ORT period** | **Pre-ORT period** | **ORT period** |
| Program compliance | 10 (58%) | 59 (51%) | 13 (43%) | 12 (40%) |
| Program management | 1 (6%) | 3 (3%) | 1 (3%) | 2 (7%) |
| Administrative costs | 1 (6%) | 3 (3%) | 4 (13%) | 2 (7%) |
| Services provided/delivery systems | 0 (0%) | 29 (25%) | 0 (0%) | 1 (3%) |
| Alleged criminal activities | 2 (12%) | 9 (8%) | 8 (27%) | 10 (33%) |
| Non-Federal audit report activities | 0 (0%) | 5 (4%) | 2 (7%) | 1 (3%) |
| Grant/contract activities | 2 (12%) | 2 (2%) | 2 (7%) | 0 (0%) |
| Other[A] | 1 (6%) | 6 (5%) | 0 (0%) | 2 (7%) |
| Totals | 17 | 116 | 30 | 30 |

A: Includes personnel activities, direct costs, data processing and security activities, and not applicable.

Source: AIMS

### *Collaboration Between OAS and OI*

Our site visit discussions suggested that there had been increased collaboration between OAS and OI during ORT. It is possible to identify audits where OAS assisted with an OI investigation using information contained in the AIMS audit description field.[10] Across the ORT states, 15 audits were opened to assist OI, compared to only three in the pre-ORT period (Exhibit 6-8). Each ORT state had at least two audits that were OI assists. New York had five audits open to assist OI investigations, the most of any ORT state.

The information contained in the audit description field may not capture all instances in which OAS audits have resulted in OI referrals, or all audits that were opened at the request of OI. It does, however, provide quantitative evidence about the effects of the greater communication and collaboration between OAS and OI that have occurred during ORT.

---

[10] These were identified based on the presence of "Assist to OI," "OI/OGC," "OI-Assist," "Assist OI," "OI Assist," "OI Support," "OI Asst," "Asst to OI," "Target-OI," or "OI Asist" (sic) in the audit description field.

**Exhibit 6-8: ORT Impact Analyses**
**Collaboration Between OAS and OI**

| Type of State | Pre-ORT period | ORT period |
|---|---|---|
| ORT state | 3 | 15 |
| Non-ORT state | 7 | 7 |

Source: AIMS

*Collaboration Between OAS and HCFA*

In 15 audits, OAS joined HCFA and state certification agencies in reviewing Florida skilled nursing facilities (Exhibit 6-9). No evidence of similar collaboration could be found in other states or in the pre-ORT period. OAS reports that questioned costs have been identified as a result of these audits, the results of these audits were not recorded in AIMS as of our April 1997 data cutoff point.

**Exhibit 6-9: ORT Impact Analyses**
**Collaboration Between OAS and HCFA**

| Type of State | Pre-ORT period | ORT period |
|---|---|---|
| ORT state | 0 | 15 |
| Non-ORT state | 0 | 0 |

Note: Audits that involved collaboration between OAS and HCFA were identified by the presence of "part of HCFA survey team" in the audit description field.

Source: AIMS

### 6.2.3 Impact of ORT on Questioned Costs Identified by OAS

OAS audits can result in two basic types of savings for the Medicare program:

- Direct recoveries from providers due to the disallowance and recovery of a questioned cost uncovered by an OAS audit
- Cost avoidance due to identification and correction of program vulnerabilities.

AIMS does not report either of these types of savings. With respect to the first type, AIMS does report the questioned costs that are disallowed by management, but does not track these disallowances to actual collection from providers, as collection of these funds is not the responsibility of OAS. As a result, the questioned costs reported in AIMS are properly viewed as "receivables established," rather than actual recoveries. They are our best proxy for actual collected savings, but they are not savings *per se*.

With respect to the second type, savings due to cost avoidance and program savings are not reported in AIMS. Our only estimates of cost avoidance and program savings attributable to ORT are reflected in our analysis of sentinel effects associated with ORT (see Appendix 10), and these analyses are in no way tied explicitly to the efforts of OAS, as distinct from the efforts of others under ORT.

There are an important set of complexities in estimating OAS effects on ORT savings.[11] Many audits that have identified questioned costs have resulted in referrals to OI or other law enforcement agencies. Because these audits have been effectively placed on hold until the criminal investigation is complete, no Final Report has been issued, and the disallowances identified by these audits are not reported in AIMS. As of March 1997, OAS reported that these audits had identified $81 million in questioned charges. Because we have no information on any questioned costs identified by OAS audits in either the pre-ORT period or from comparison states, we do not include these potential savings in our estimates of the impact of ORT on questioned costs identified by OAS audits of ORT focus-area providers. These savings are substantial. To that extent, our savings estimates are very conservative.

Evaluation of the impact of ORT on potential recoveries from providers is complicated by the relatively small number of audits that result in the identification of questioned costs. Across demonstration and comparison states in the ORT and pre-ORT periods, only 33 audits (of ORT focus-area providers) resulted in the identification of questioned costs that are reported in AIMS. Two of these audits, which together represent nearly 50% of the total disallowances identified by these audits, cannot be unambiguously assigned to the ORT or pre-ORT periods. Our definition of ORT counts these audits as pre-ORT, but, since major audit activity took place during the demonstration period, AIMS designates both of these audits as ORT-related.

Eight audits that we defined as ORT audits resulted in the identification of questioned costs that were reported in AIMS. These eight audits resulted in disallowances of $21.6 million. Seven of the eight involved Florida providers, including five home health agencies (questioned costs of $6.6 million), one hospice ($14.8 million), and one skilled nursing facility (less than $0.1 million). The final audit was an audit of a California SNF, which resulted in a disallowance of $0.2 million.

By contrast, in the pre-ORT period, five audits resulted in the identification of questioned costs. One audit that we considered to be from the pre-ORT period (since it opened in 1994) was designated as ORT-related in AIMS (since some major audit activities occurred after ORT started). This audit (of a Florida home health agency), found that $25.9 million did not meet reimbursement guidelines during the audit period. Because the agency filed for bankruptcy in August 1995, however, very little of this amount is expected ultimately to be recovered by Medicare.

More than $14 million of the $16.3 million total for comparison states resulted from an audit of one large home health agency based in Georgia. The audit, which opened in 1993, was not completed until 1996. It found unallowable G&A charges of $14 million during the audit period, including expenses for computer software, salaries, owner's compensation, marketing, and promotional activities. This provider was also the subject of a criminal investigation, and it is not known how much of the $14 million in disallowances identified by the audit were ultimately recovered by the government.

A simple "difference in differences" model, based on the figures in Exhibit 6-10, suggests that ORT had a large impact on the identification of questioned costs. This impact is, however, due mainly to the large decrease observed across comparison states than to the effect observed in demonstration states. For example, using our definition of ORT, ORT was associated with a $20 million increase in costs identified by OAS audits. Our estimated impact of ORT would have been higher if we had counted either of the two audits discussed above that were considered ORT-related by OAS but not by our definition of ORT.

---

[11] Problems of this kind are not as serious in our analysis of cases (Appendix 5), since, among other reasons, the number of cases with receivables identified is so much larger than single-case complexities do not have so much leverage on our estimates.

It is important to emphasize a point noted earlier: disallowances should increase as Final Reports are issued for the audits that have been suspended pending the outcome of criminal investigations. Due to problems with incomplete data, and because the estimated effect is based on only the small number of audits that had questioned costs already reported in AIMS, this estimate should not be considered a robust or reliable estimate of the impact of ORT on disallowances identified by OAS. Such an estimate will be possible only on a later date.

**Exhibit 6-10: ORT Impact Analyses**
**Questioned Costs Identified by OAS Audits of ORT Focus-Area Providers**

| Type of State | Pre-ORT period | ORT period |
|---|---|---|
| ORT state | $42,451,352 | $21,609,573 |
| Non-ORT state | $16,321,705 | $488,867 |

Note: Includes questioned costs identified in AIMS only. Based on the definition of ORT described in Section 6.1

Source: AIMS

## 6.3 Resources Diverted to Pursue ORT Audits: The Opportunity Cost of ORT

Although ORT travel funds proved invaluable in allowing OAS to pursue the type of provider-specific audits that it emphasized during ORT, the agency was only able to add a few additional staff as a result of ORT– even as ORT was associated with a very large increase in staff resources devoted to audits of ORT focus-area providers. Something had to give. Given the limited additional staff made possible by ORT, some diversion of resources from other types of audits was necessary in order to perform these audits.

In this section, we estimate what this diversion was. It can be viewed as a partial estimate of the "opportunity cost" of ORT. The opportunity cost of a decision arises because, given limited resources, choosing to engage in one activity means giving up something else. The opportunity cost of OAS's emphasis during ORT on audits of DME suppliers, home health agencies, nursing homes, and hospices was the audits that were not performed because of the change in emphasis.

To say that this opportunity cost existed is not to criticize the allocation of increased efforts to ORT-type audits. That allocation is a policy decision – it was ORT's authoritative purpose that the allocation take place. But, if we do not perform some estimate of the opportunity cost of the ORT audits, it will be made to appear that all of the sizeable increases in audit volume associated with ORT were obtained for nothing– as if auditors were dumb before ORT started and suddenly became smart. We believe that ORT is a smarter system, as discussed elsewhere, but that it is also, importantly, an expression of the effects of added resources. Hence the need to estimate opportunity costs the best we can.

For the analyses described in this section, we included all audits that opened after 1990, except for those that were canceled or had zero cumulative staff days. The resulting file contains information on 5,988 audits.

### 6.3.1 Opportunity Cost of ORT: Impact of ORT on Audit Volume, Subject Types and Requesting Agencies

*Audit Volume for all Types of Audits*

ORT was associated with an increase in audit volume, even when considering all types of audits (Exhibit 6-11). During ORT, 504 audits opened across the demonstration states, 30% more than would have opened if ORT states had the same pre/post change as comparison states (where volume was 3,227 in the pre-ORT period and 762 during ORT). Across all auditee types, ORT was associated with higher volume for all five demonstration states (Exhibit 6-12). The largest increase occurred in Florida, where volume was nearly 100% higher than it would have been in the absence of ORT. Illinois had the smallest increase.

The 30% increase in overall volume was less than the impact of ORT on audits of ORT focus-area providers, which increased by nearly 600% during ORT (see Exhibit 6-1). Part of the opportunity cost of ORT appeared to be a reduction in the number of audits of HHS Operating Divisions, state agencies, health centers, and non-profit agencies (Exhibit 6-13). This reduction appears to reflect the natural effects of what ORT sought– an increase in provider-specific audits.

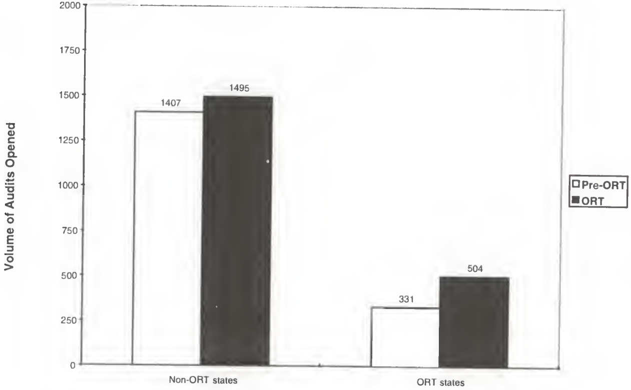
In ORT states, the volume of audits of HHS Operating Divisions decreased from 183 to 22. In every ORT state except Texas, the number of HHS Operating Division audits fell by at least 90%. Due to especially sharp declines in Texas (38 to 2), California (61 to 10), and New York (100 to 18), audits of state agencies fell by more than 80% in ORT states. Only three audits of health centers opened during ORT, compared to 24 in the pre-ORT period. Audits of non-profit organizations (other than academic institutions) declined from 163 to 30.

*Requesting Agency for All Types of Audits*

ORT was associated with a relative increase in the number of audits that were self-initiated (i.e., audits for which AIMS identifies OAS as the requesting agency). Specifically, while the proportion of self-initiated audits fell from 44% to 39% across the ORT states, the decline was larger (from 45% to 27%) across comparison states (Exhibit 6-14).

Overall, ORT had no effect on the total number of audits (of all types) requested by OI. While the proportion of audits requested by OI doubled in from 2% to 4% in demonstration states, an even larger increase was observed in comparison states. This result did not appear to be the result of "leakage" of ORT effects into comparison states, as the same basic trend was observed for comparison states in ORT regions and comparison states in non-ORT regions. The percentage of audits requested by the Inspector General doubled in ORT states (as against basically no change in comparison states). ORT was associated with a small increase in the percentage of audits requested by OP DIV (which is most often HCFA, at least for health-care related audits), which went from 15.6% in the pre-ORT period to 17.9% during ORT.

## Exhibit 6-11: ORT Impact Analyses
## Audit Volume for Audits of All Types

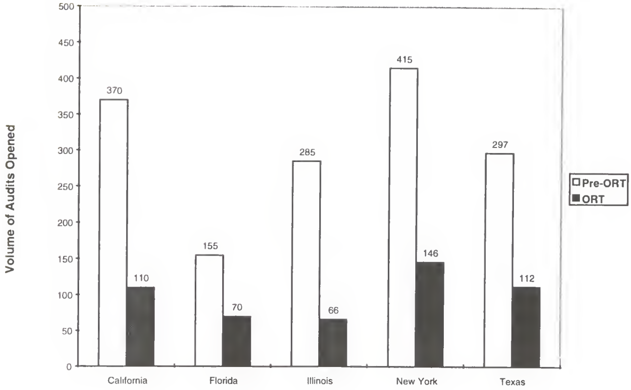


**Source**: AIMS (Data through April 1997)

**Notes:**

1. Includes ORT auditee types only (DME supplier, home health agency, nursing home, hospice).
2. Non-ORT states include all non-ORT states with an OI suboffice.
3. Pre-ORT period includes audits opened 1990-94; ORT period includes audits opened in 1995-97.
4. Excludes cancelled audits.

## Exhibit 6-12: ORT Impact Analyses
## Audit Volume by State for Audits of All Types



**Source**: AIMS (Data through April 1997)

**Notes:**

1. Includes ORT auditee types only (DME supplier, home health agency, nursing home, hospice).
2. Non-ORT states include all non-ORT states with an OI suboffice.
3. Pre-ORT period includes audits opened 1990-94; ORT period includes audits opened in 1995-97.
4. Excludes cancelled audits.

**Exhibit 6-13: ORT Impact Analyses**
**Opportunity cost of ORT: Auditee type for all types of audits**

| | ORT states | | Comparison state | |
|---|---|---|---|---|
| **Auditee Type** | **Pre-ORT period** | **ORT period** | **Pre-ORT period** | **ORT period** |
| HHS operating division | 183 | 22 | 525 | 73 |
| HHS staff division | 65 | 23 | 114 | 15 |
| State/county agency | 286 | 57 | 405 | 67 |
| Other govt. | 29 | 14 | 105 | 7 |
| Hospital | 52 | 18 | 205 | 17 |
| ORT focus areas | 17 | 116 | 30 | 30 |
| PRO | 18 | 9 | 85 | 9 |
| Health center | 24 | 3 | 43 | 3 |
| Medicare contractor | 107 | 20 | 269 | 48 |
| Other medical | 19 | 50 | 86 | 31 |
| College | 309 | 113 | 822 | 288 |
| Other non-profit | 163 | 30 | 274 | 56 |
| For-profit organization | 58 | 10 | 121 | 23 |
| Totals | 1495 | 504 | 3227 | 762 |

Note: Canceled audits, audits with zero cumulative staff days, and audit records established for accounting purposes are excluded. Includes audits of ORT focus-area providers only.

Source: AIMS

**Exhibit 6-14: ORT Impact Analyses**
**Impact of ORT on Audit Characteristics: Requesting Agency**

| Requesting Agency | ORT states | | Comparison state | |
|---|---|---|---|---|
| | Pre-ORT period | ORT period | Pre-ORT period | ORT period |
| OAS | 659 (44%) | 196 (39%) | 1462 (45%) | 209 (27%) |
| OCFAA | 0 (0%) | 1 (0.2%) | 0 (0%) | 2 (0.3%) |
| IG | 56 (4%) | 38 (8%) | 134 (4%) | 28 (4%) |
| OI | 28 (2%) | 21 (4%) | 41 (1%) | 31 (4%) |
| OEI | 1 (0.7%) | 1 (0.2) | 2 (0.1%) | 1 (0.1%) |
| RIGA | 129 (9%) | 39 (8%) | 76 (2%) | 7 (1%) |
| PRO | 6 (0.4%) | 4 (1%) | 23 (0.4%) | 8 (1%) |
| Hotline | 3 (0.2%) | 2 (0.4%) | 4 (0.1%) | 1 (0.1%) |
| Non-Federal | 0 (0%) | 0 (0%) | 19 (1%) | 8 (1%) |
| OIG: Other | 19 (1%) | 0 (0%) | 35 (1%) | 24 (3%) |
| HHS Secretary | 24 (2%) | 7 (1%) | 59 (2%) | 15 (2%) |
| OP DIV[A] | 234 (16%) | 90 (18%) | 576 (18%) | 128 (17%) |
| HHS: Other | 14 (1%) | 6 (1%) | 32 (1%) | 14 (2%) |
| Assist USAO | 1 (0.7%) | 5 (1%) | 0 (0%) | 15 (2%) |
| Other Federal Dept | 187 (13%) | 59 (12%) | 378 (12%) | 153 (20%) |
| Congress | 26 (2%) | 1 (0.2%) | 86 (3%) | 12 (2%) |
| Other Federal | 98 (7%) | 28 (6%) | 299 (9%) | 105 (14%) |
| Private citizen | 3 (0.2%) | 1 (0.2%) | 2 (0.6%) | 0 (0%) |

Note: Canceled audits, audits with zero cumulative staff days, and audit records established for accounting purposes are excluded.

A: Includes HCFA, Public Health Services, Administration for Children and Families, Office of the Secretary, Administration on Aging, Agency for Toxic Substances and Disease Registry, and Agency for Health Care Policy and Research.

Source: AIMS

Against these changes in referral source, there was a decrease in audits initiated by Congress, other (unspecified) branches of OIG, and other (unspecified) Federal agencies. In ORT states, the number of audits initiated at the request of Congress declined from 26 to 1. Audits performed at the request of other (unspecified, but not OCFAA, IG, OI, OEI, or RIGA) OIG branches fell from 19 to zero. In comparison states, the proportion of audits with this requestor code nearly tripled. The proportion of audits requested by other (unspecified) federal agencies increased from 9% to 14% in comparison states, but declined across the ORT states.

ORT thus clearly seems to have changed the propensity if certain sources to refer audits to ORT areas, or of OAS in demonstration states to follow-up on them. For example, referrals that in the past might have been performed by auditors in ORT states may have been reassigned to non-ORT states/regions – which would account for the large increases in these referrals in for these non-ORT-type audits.

### 6.3.2 Opportunity Cost of ORT: Impact of ORT on Output of Audits

ORT was associated with a large increase in the proportion of audits with a work output code of assist audit work. Such audits include those where OAS assists OI with a criminal investigation. In ORT states, the proportion of audits involving audit assist work increased from 10% to 16% (Exhibit 6-15). Consistent with the emphasis during ORT on provider-specific audits, the proportion of audits that resulted in an Audit Report on Grantee/Contractor Operations increased from 18% to 29% in demonstration states. The percentage of audits that involved staff analysis but no formal report also increased sharply, from 1% to 6%.

**Exhibit 6-15:**
**Opportunity Cost of ORT: Impact of ORT on Audit Characteristics: Work Output**

| | ORT states | | Comparison state | |
|---|---|---|---|---|
| **Work Output** | **Pre-ORT period** | **ORT period** | **Pre-ORT period** | **ORT period** |
| Assist audit work | 145 (10%) | 81 (16%) | 233 (7%) | 64 (8%) |
| Audit report on departmental operations | 104 (7%) | 3 (1%) | 276 (9%) | 29 (4%) |
| Audit report on grantee/contractor operations | 272 (18%) | 145 (29%) | 653 (20%) | 165 (22%) |
| Survey work[A] | 107 (7%) | 15 (3%) | 295 (9%) | 15 (3%) |
| Nationwide reporting | 15 (1%) | 6 (1%) | 15 (0.4%) | 6 (1%) |
| Follow-up report | 42 (3%) | 2 (0%) | 99 (3%) | 2 (0.4%) |
| Contract/grant closing statement audit report | 140 (9%) | 35 (7%) | 396 (12%) | 111 (15%) |
| Direct/indirect cost report | 57 (4%) | 10 (2%) | 87 (3%) | 11 (1%) |
| Recipient capability | 80 (5%) | 7 (1%) | 125 (4%) | 7 (1%) |
| Pre-award/cost proposal audit report | 238 (16%) | 65 (13%) | 578 (18%) | 217 (28%) |
| Prepared by CPA under contract | 24 (2%) | 15 (3%) | 29 (1%) | 7 (1%) |
| Staff analysis : No report | 10 (1%) | 29 (6%) | 77 (2%) | 22 (3%) |

A: Survey refers to phase three of the audit process. All audits should be initially coded with a work output code indicating that a report will be issued, but if an audit is ended after the survey phase, the work output code should be changed to "Survey work."

Source: AIMS

Associated with these increases in the output of audits was a decrease in audits that resulted in audit reports on departmental operations, nationwide audit reports, and pre-award/cost proposal audit reports. These changes can be viewed as an opportunity cost of changing the kind of audits performed by OAS. Across ORT states, the number of audit reports on departmental operations declined from 104 to 3, a much larger decrease than occurred in comparison states. In ORT states, the proportion of audits that resulted in a nationwide audit report decreased from 9% to 7%. The proportion of this type of audits increased from 12% to 15% in comparison states. The proportion of pre-award/cost proposal audits increased sharply in comparison states, from 18% to 28% of total volume. In ORT states, however, the proportion of audits resulting in this type of output declined from 16% to 13%.

### 6.3.3 Opportunity Cost of ORT: Diversion of OAS Staff Resources

Although OAS was able to add only a few additional staff as a result of ORT, the demonstration was associated with a large increase in staff days devoted to audits of all types (Exhibit 6-16). Across the demonstration states, 34,205 cumulative staff days were devoted to ORT-period audits, compared to 43,270 in the pre-ORT period[12]. In comparison states, only 46% as many staff days had been devoted to audits of all types during the ORT period than in the pre-ORT period. Based on the time trend observed in comparison states, ORT was associated with an increase of 14,157 staff days (per year) devoted to audits of all types.

The additional staff hired with ORT funds can account for only a small proportion of this increase, and it is not clear why ORT had such a large impact on total staff days. Given that audits were assigned to states based on the location of the auditee type, a potential explanation is that auditors from non-ORT states diverted their efforts to audits within demonstration states or to take over audits that auditors from ORT states ordinarily would have performed.

**Exhibit 6-16:**
**Diversion of OAS Resources: Cumulative Staff Days**

| Type of State | Staff days per year for audits opened in the pre-ORT period | Staff days per year for audits opened during ORT | Ratio of staff days for ORT-period to pre-ORT period |
|---|---|---|---|
| ORT states | 43,270 | 34,105 | 0.788 |
| Non-ORT states | 83,562 | 38,563 | 0.461 |
| Total | 126,832 | 72,668 | |

Note: Includes audits of all types. Pre-ORT period includes audits opened between 1990 and 1994. ORT period includes audits opened in 1995, 1996, and 1997

Source: AIMS

To investigate whether such diversion occurred, we performed two additional comparisons. First, we compared effects observed in ORT states to other (non-ORT) states *within ORT regions*. Second, we compared effects observed for *comparison states in ORT regions (i.e., regions containing an ORT state) to comparison states in non-ORT regions.*

---

[12] Given that some audits are still pending, the ratio of post- to pre-ORT staff days will increase as additional staff time is devoted to pending audits, it is not appropriate to say that staff days in ORT states actually decreased during ORT.

### *Comparisons of Audit Volume Within ORT Regions and Between ORT and non-ORT Regions*

Comparing only states within ORT regions, ORT was associated with a 43% increase in overall audit volume (Exhibit 6-17). During ORT, 504 audits were opened in ORT states, compared to 331 for comparison states within ORT regions. Volume in the pre-ORT period was comparable for ORT and (1,495 audits) and comparison (1,407) states.

The impact on audit volume during ORT was virtually identical for comparison states in ORT and non-ORT regions (Exhibit 6-17). In non-ORT regions, total audit volume declined from 1,820 during ORT to 431 in the pre-ORT period, a 76% decrease. Comparison states in ORT-regions also experienced a 76% decline in overall audit volume during the ORT period.

**Exhibit 6-17: ORT Impact Analyses**
**Diversion of OAS Resources: Volume of Audits Opened in Comparison States in ORT and Non-ORT Regions**

| Region | Pre-ORT period | ORT period |
|---|---|---|
| ORT region | 1,495 | 504 |
| Non-ORT region | 1,407 | 331 |

Note: Includes audits of all types. Pre-ORT period includes audits opened between 1990 and 1994. ORT period includes audits opened in 1995, 1996, and 1997

Source: AIMS

### *Comparisons of Staff Days Within ORT Regions and Between ORT and non-ORT Regions*

Focusing only on states within ORT regions, the demonstration was associated with a large increase in staff days devoted to audits of entities within ORT states. Between 1990 and 1994, nearly 70% more staff days (per year) were devoted to ORT-state audits than for audits in comparison states (Exhibit 6-18). During ORT, 186% more staff days were devoted to ORT-state audits. The figures in Exhibit 6-18 suggest that ORT was associated with an additional 13,983 staff days devoted to audits of all types within ORT states,[13] suggesting the possibility of considerable diversion of staff resources to focus on ORT-state audits.

Any diversion that occurred did not appear to come disproportionately from ORT regions. The ratio of pre-ORT to ORT-period staff days was identical for comparison states in ORT and non-ORT regions (Exhibit 6-19).

---

[13] If ORT states had the same pre-post time trend as comparison states, then 19,904 staff days would have been devoted to audits of all types during ORT.

**Exhibit 6-18:**
**Diversion of OAS Resources: Cumulative Staff Days Within ORT Regions**

| Type of State | Staff days per year for audits opened in the pre-ORT period | Staff days per year for audits opened during ORT | Ratio of staff days for ORT-period to pre-ORT period |
|---|---|---|---|
| ORT states | 43,270 | 34,104 | 0.79 |
| Non-ORT states | 25,657 | 11,939 | 0.46 |
| Ratio of ORT state to non-ORT state staff days | 1.68 | 2.86 | |

Note: Includes audits of all types. Non-ORT states include comparison states within ORT regions. Pre-ORT period includes audits opened between 1990 and 1994. ORT period includes audits opened in 1995, 1996, and 1997

Source: AIMS

**Exhibit 6-19:**
**Diversion of OAS Resources: Cumulative Staff Days Between Comparison States in ORT and non-ORT Regions**

| Comparison state in: | Staff days per year for audits opened in the pre-ORT period | Staff days per year for audits opened during ORT | Ratio of staff days for ORT-period to pre-ORT period |
|---|---|---|---|
| ORT region | 25,657 | 11,939 | 0.46 |
| Non-ORT region | 57,905 | 26,624 | 0.46 |
| Ratio of ORT region to non-ORT region staff days | 0.44 | 0.44 | |

Note: Includes audits of all types. Pre-ORT period includes audits opened between 1990 and 1994. ORT period includes audits opened in 1995, 1996, and 1997

Source: AIMS

## 6.4 Conclusions

Obviously, based on data in the preceding section, there are signs that the increases in audit volume observed during ORT came, in part at least, from the diversion of other efforts. However, the gains achieved during the demonstration were large. ORT resulted in a large increase in the number of audits of ORT focus-area providers. The increase in volume was spread across all five demonstration states, and across all ORT focus-areas. Reflecting the changes in priority due to ORT, OAS auditors devoted 18,920 staff days to audit of ORT focus-area providers during the demonstration period, compared to only 2,766 staff days on such audits between 1990 and 1994.

In addition, there is evidence that ORT was also associated with increased collaboration between OAS and its ORT partners:

- Fifteen ORT audits were opened to assist OI with a criminal investigation.

- There was a sharp increase in audits that involved audit assist work, which were primarily audits where OAS assisted either OI with a criminal investigation or HCFA as part of the surveys of SNFs.

ORT was also associated with changes in the characteristics of OAS audits:

- During ORT, there was a large increase in the volume of audits related to grantee or contractor operations, many of which were provider-specific audits of cost reports or claims.

- The number of audits related to program compliance, services provided, and alleged criminal activities increased during ORT.

AIMS reports the questioned costs identified by OAS audits with which management concurs, but it does not track these disallowances through to actual collection from providers. Meanwhile, many audits that may ultimately result in the identification of questioned charges are still pending due to referral to OI for potential criminal prosecution. No Final Report has been issued for these audits, and their potential savings are not yet recorded in AIMS. Similarly, we have no information on potential savings for comparison state audits that have been referred to law enforcement. Because only a small number of ORT focus-area audits have data on questioned costs recorded in AIMS, it is difficult to evaluate the savings attributable to OAS audit activities, and we can make no reliable estimate of the impact of ORT on questioned costs identified by OAS. The data that are recorded in AIMS do show, however, disallowances of $21.6 million, an amount that is likely to grow as more definitive data accrue in future months.

# Appendix 7
# Findings from the Survey of Cases

## 7.0 Introduction

Abt Associates' evaluation of Operation Restore Trust (ORT) has been based from the beginning on a simple premise: that the ORT intervention is complex and elaborately confounded and therefore requires multiple evaluation approaches to establish reliable understandings of what ORT has and has not accomplished. The ultimate objective of these various approaches is to determine if differing data bases, methods, and analytic approaches tell something like a consistent story. To the degree results are relatively consistent across all these different paths of evaluation, we can assert our conclusions with greater confidence. If results conflict, our findings necessarily become more contingent. In an approximate way, these differing approaches are designed to provide some rough tests or checks on each other.

This appendix (and Appendix 8 that follows) is a concise reflection of this overall evaluation strategy. Appendix 7 discusses in detail the results of a survey of cases recently completed. The need for this survey is not obvious. Abt staff have done extensive case study work in the ORT regions, comparison regions, and central offices of the ORT partners. The interviews and documents provided in site visits and other case study efforts have certainly given us an overall, qualitative appraisal of the effects of ORT on cases. Meanwhile, Abt has also done detailed quantitative analyses of ORT effects on cases, based on the Case Information Management System (CIMS) of the Office of Inspector General (OIG). Why are we doing yet another data collection and analysis effort to understand ORT's effects on audits and cases?

## 7.1 Motivation for the Survey of Cases

Cases are a key window through which to view a wide and diverse spectrum of ORT effects. Certain major effects ORT sought to achieve – e.g., to enhance collaboration – were designed to register on the identification and development of cases.[1] We therefore have special reason to focus on the character and frequency of ORT effects on these basic building blocks of enforcement. We need to understand how ORT affected case identification, development, and follow-up. ORT presumes that there will be certain changes in how cases originate, how they are developed, and what outcomes they have. Specifically, ORT presumes that:

- Case identification will occur in response to:
  - more collaboration efforts

---

[1] Of course, cases are not the only object of ORT efforts For example, ORT was also designed to affect the identification and development of audits by the Office of Audit Services in OIG, as well as to affect the operations of the Agency on Aging and of HCFA and its contractors Only some of the effects on these other agencies would yield a formal case. But ORT funds were devoted in large part to case (and audit) development by the OIG, and changes in case processes were a principal target of the ORT approach Thus, while they are not the only target of ORT, cases were a particularly important object of ORT.

  - more sophisticated targeting activities, notably the greater use of databases, computers, and analytic resources.

- Case development will lead to more expansive investigations, investigations that are:
  - less likely to stop with identified or isolated instances of wrongdoing
  - more likely to seek out additional examples of the same kind of wrongdoing by the same parties or others.

- Case results will be somewhat different, in that:
  - instances of enforcement will more frequently lead to efforts to prevent future occurrences.
  - for example, where a case would have ended with a conviction or negotiated settlement before, it will now lead to discussions with policy makers, contractors, and others to establish ways to prevent or limit reoccurrences.

The hypotheses outlined above can be tested using proxy variables in the automated datasets to which we have access – notably, the CIMS data. But there is a risk that the automated datasets and qualitative interview data will not reveal certain characteristics we need to measure. For example, CIMS tracks OI cases from the date a complaint is first received until the date the case closes. The system details case sources, subject types and location, dates of major case development milestones, investigative techniques used, and final outcomes. While this data source is the foundation for quantitative analyses Abt Associates has done, it does not provide enough qualitative information for us to analyze how ORT has affected certain key characteristics of cases. Specifically:

- CIMS does not provide direct information on critical changes suggested in our interviews, such as increases in promising new forms of collaboration, the establishment of new methods of targeting investigations, the availability of key resources (e.g., travel) to permit more far-reaching case development, and other possible effects.

- Attributes of case complexity (e.g., notably large suspects or complicted issues) are not always obvious from CIMS descriptors.[2]

- Certain characteristics of case sources are not revealed (e.g., the referral source is identified, but not the method of detection, so that certain issues critical to understanding ORT's effects – e.g., an expanded use of data analysis and computer resources – may go unrevealed).

- The immediate consequences of the case are well reported (e.g., monetary recoveries and criminal penalties), but possible second-order consequences (e.g., expanded investigation to other suspects, efforts to change policy and procedures, etc.) are not identified.

For these richer descriptive purposes, we needed to have somewhat richer data on cases, before and after ORT.

---

[2] CIMS does identify cases with multiple subjects. However, it is difficult to establish changes in the characteristics of subjects beyond a few general descriptors as to type of subject and case.

Certain other parts of our evaluation (e.g., site visit interviews) provide qualitative data and anecdotes on all of these issues. But for some purposes, that information is weak documentation. Consider, for example, that our interviews yielded anecdotal descriptions of new collaboration in a variety of different ways under ORT. But from those descriptions, it was not possible to answer some of the most basic, important questions about such collaboration: e.g., how prevalent was it, before and after ORT? All we could say was that there appeared to be "more" collaboration after ORT.

We therefore needed some way to do a more systematic accounting of how cases had changed under ORT. The conventional ways to acquire such information would be through surveys or records abstraction. We opted for a survey, for practical reasons. We could not review case records (as a ground rule of the evaluation, Abt staff are not permitted to see case records). In any event, records abstraction would be expensive and require familiarity with the records involved, which we do not have. To get case-specific information, we therefore needed to *survey investigators*, using survey responses as proxies, as it were, for records abstraction. We felt that, if we could document a few concrete details about a large number of cases, we would be in a position to answer basic questions about the prevalence and magnitude of ORT effects that could not be answered any other way.

We therefore have collected a few qualitative details about a large sample of pre-ORT and post-ORT cases. Aggregating these details in a case-level analysis permits us to quantify the prevalence of certain key case characteristics, before and after ORT. The difference in prevalence before and after ORT will provide us with first-order estimates of changes in case attributes that occurred under the influence of ORT. These estimates are subject to a variety of qualifications, as we will discuss; but they provide a far more discriminating picture of the effects of ORT than we could practically obtain from any other source.

### 7.1.1 Responsibility for the Surveys

The case survey was designed, implemented, and analysed by Abt Associates, as described in the report that follows. However,we obviously could not survey investigators in the Office of the Inspector General without significant assistance from the Office of Investigations (OI) in OIG. We appreciate the assistance OI gave us in this effort; we especially would like to thank the investigators who took the time to complete the surveys. Of course, Abt Associates is entirely responsible for the interpretation of results that follows.

## 7.2 Overview of Main Findings

The survey results that are described in the following report confirm our expectation that case-level data would add significantly to our evaluation. In particular, our survey of cases shows *non-exclusion cases* to have changed under ORT in the following ways:

- Referrals: A slight increase in state (MFCU) referral sources and collaboration with state agencies (MFCUs and survey/certification agencies) in identifying targets for investigation. But there was no notable increase in referrals from identified federal referral sources.

- Case complexity (e.g., number and location of targeted providers): Some increase in case complexity on one-fifth of the cases.

- Other unusual attributes: A small increase in the proportion of unusual cases.

- Collaboration on case development: There was a substantial increase in the proportion of cases with some kind of collaboration in case development. As with the case initiation/referrals, this increase after ORT came primarily from collaboration with state rather than federal agencies.

- Resources: Post-ORT, there was a puzzling decline in the proportion of cases requiring unusual staff resources; but there were increases in the proportion of cases requiring unusual amounts of travel, computer resources, and (especially) medical/legal/other resources. There was a slight decline in the proportion of cases for which development was limited by the shortage of some resource.

- Investigative techniques: There was only a slight increase after ORT in the proportion of cases using notably sophisticated investigative techniques.

- Case outcomes: There was a surprising increase after ORT in the proportion of cases with "positive outcomes" such as a criminal referral. The increase was surprising in that the post-ORT cases have not had as much time as the pre-ORT cases to run their course.

- Case follow-up: There were *major* increases after ORT in case follow-up, in such terms as the frequency of looking for other instances of similar misbehavior, making written policy recommendations, and having meetings with outside agencies and Medicare contractors. There were also indications that this follow-up was taking place somewhat sooner than in pre-ORT cases.

- What difference does ORT make in cases?: When asked how pre-ORT cases would have been different under ORT, and how post-ORT cases would have been different before ORT, most respondents emphasized matters concerning resources and collaboration.

Meanwhile, there are few changes in exclusion cases, from pre-ORT to post-ORT.

These results suggest that the frequency of certain desired case characteristics did indeed change under ORT. Perhaps the most surprising negative result we observe is the indication that *federal-level* collaboration did not increase in case initiation activities and development. But in other areas – the effect of resources, the quality of cases, the prevalence of case follow-up activities – these results are a reasonable approximation of what ORT sought to accomplish. And the results in one area (case outcomes) are surprising, and in a second area (case follow-up) are especially large and impressive.

Our discussion of the survey of cases is organized as follows:

7.3 Design and methodology, including a description of the pre/post design we have used in our survey, the biases in that design, how we have assigned cases to pre- and post-ORT periods, and other issues.

7.4 Data collection, including descriptions of our sample design, our survey instrument, and our procedures for conducting the survey (particularly procedures concerning confidentiality).

7.5 Presentation of case-specific results: non-exclusion cases.

7.6 Presentation of case-specific results: exclusion cases.

7.7 Presentation of responses to our investigator-specific questions.

## 7.3 Methodology

Our basic method for analyzing the survey data on cases is by using a single-difference, pre-post model. In this section, we explain that choice and certain decisions that influenced how it should be applied.

### 7.3.1 Use of a Pre/Post Model

As we have argued elsewhere (Abt Associates, 1996a), the ideal model for estimating demonstration effects is a so-called "double-difference" model. The simple logic of that model is to estimate demonstration effects by comparing demonstration results to pre-demonstration results in demonstration areas, *as adjusted for* secular trends estimated by looking at the pre/post changes in selected comparison areas. In this fashion, the model provides some control for secular trends coincident with the demonstration that (in a pure pre/post design) might improperly be attributed to the demonstration.

Notwithstanding the theoretical appeal of the double-difference model, however, we did not feel we could apply such a model in this case. The key reason: it would greatly increase the burden of the survey, particularly in terms of the number of investigators and separate field offices that would have to be involved in the survey. This increase in burden would be because:

- The sample sizes would have to be large enough to permit multivariate estimation of the model's parameters.
- The inclusion of non-ORT regions would bring a large group of non-ORT agents into the survey.[3]

We did not feel we could expand the survey in either respect, much less both. We should note that this decision was ours (OI did not insist on it). It was our judgment that the simpler survey ultimately adopted imposed as much burden, and required as much cooperation and support, as we could practically ask OI to consider. As a result, we opted to limit the sample size (see Section 7.4 below) and not to use comparison states in our design. Instead, we chose to use a simple pre/post model in the survey of cases.

---

[3] There was one way possibly to reduce this second form of burden. Specifically, if the comparison states were all selected from within the ORT regions, the survey could to some degree be restricted to ORT participants. But to the degree this restriction was effective, estimates of ORT effects would likely be biased by: a) likely "leakage" of positive ORT effects to non-ORT cases, since the comparison cases would in this event be cases done by the same agents who handled the demonstration cases; and/or b) constraints on non-ORT cases caused by possible within-region diversions of effort and resources to ORT cases. In our judgment, these biases were too serious to warrant designing the survey using comparison states from the ORT regions.

Even though we did not use a double-difference model in our design for the survey of cases, it is important to keep the logic of double differences in mind, as the cost of not using comparison states in our design (the loss of control for secular trends) is one of the most important qualifications on our analysis of results. We at least need to be aware that the pre/post results we observe in the ORT states could be the result of many other factors common to otherwise similar, non-ORT states.

### 7.3.2 Determining What Is a "Pre" Case and What Is a "Post" Case

To apply a pre/post model, we obviously need to understand how cases are assigned to the "pre" and "post" categories. The problem is conceptually a bit messy, since cases typically have such long lives: according to our analysis of CIMS, the median case lasted 3.5 years just before ORT began, with the longest case lasting almost 6.0 years.[4] Given the length of cases, some pre-ORT cases must have continued long after ORT began. The question then becomes: are such cases pre-ORT or post-ORT cases?

To answer this question, we define three types of cases, based on the date the case opened and the date of major case development milestones:

- "Pure pre-ORT case" – A pure pre-ORT case is one that opened before ORT and either *closed or was referred for prosecution* prior to the start of ORT (i.e., before April 1, 1995). These are cases that were initiated and more or less fully developed before ORT started.[5]
- "Bridge case" – A bridge case is one that opened before ORT started, but was either still pending, or was referred for prosecution or closed during the ORT period. These cases were initiated before ORT, but had varying amounts of development after ORT began.
- "Pure ORT case" – A pure ORT case is a one that opened on or after April 1, 1995 (i.e., during the demonstration period). For these cases, both initiation and development occurred after ORT began.

It is obvious how pure pre-ORT and pure post-ORT cases should be assigned. Bridge cases present the major difficulty. The key issue is how we should assign these cases, based on the information available to us. Even if ORT had no practical effects on such cases, there are endless possible different ways ORT *could have* affected these cases, even if it failed to do so. If, for example, the discernible effects of ORT on bridge cases are zero (to take an extreme possibility), that result may simply describe a limit in ORT's reach, rather than something intrinsic in the cases themselves.[6] As a result, we need to segregate these cases from pure pre-ORT cases and pure post-ORT cases for analytical purposes, where ORT might have had an effect.

---

[4] This calculation is based on all ORT subject-type, non-exclusion cases nationwide, in the period 1991 - 1994. Note that the distribution is skewed: these cases last an average of just over 20 months. The average is lower because a relatively large number of cases have very short lives.

[5] Please note that this definition of a pre-ORT case differs from the definition used in our recent Interim Report. In the Interim Report, a case had to open *and close* before ORT began, in order for the case to be counted as a pure pre-ORT case. For this survey, by contrast, we are relaxing that definition somewhat. In this Final Report, the case does not have to close: it need only have reached the stage of referral to the prosecutor. This new definition assumes that most OI work on a case will generally have been completed by the time of such referral. While in many cases that is not true, it is a more realistic definition of a cutoff point for ORT effects than would be a later cutoff (e.g., the point at which the case is closed). In effect, we assume that, after referral to a prosecutor, *ORT-specific effects on the case* are much less likely.

We have adopted a practical approach that takes account of the limited data available to us: we consider bridge cases as "pre-ORT" cases for survey questions dealing with *case initiation and identification only.* For all other questions, we report results for bridge cases separately from pure pre-ORT and pure post-ORT cases.[7]

### 7.3.3 Analyzing Exclusion Cases Separately

One further consideration in our design was whether or not to treat all CIMS-identified cases (i.e., all matters with a separate case number) as homogeneous, or to consider analyzing some kinds of cases separately from others. In particular, "exclusion" cases presented the most important issues. The reason is that these cases usually represented administrative follow-up work to enforcement actions by others outside DHHS/ OIG – e.g., follow-up work to exclude providers from Medicare, after state cases had assessed Medicaid liability against providers. Such follow-up work was thought to be different in kind from a case that was developed by OI from the start.

As a result, while our sample sizes are not so large that we can elaborately stratify responses, this rudimentary division did seem helpful, for two principal reasons:

1. The number of exclusion cases increased substantially under ORT (see our analysis of CIMS data in Appendix 5 of this Final Report). As a result, the post-ORT cohort of "cases" included a disproportionate number of exclusion cases. Analyzing the exclusion cases separately would prevent this change in the mix of case types from pre-determining the analysis of changes in case characteristics.

2. For many of these exclusion cases, agents suggested that the assignment of case numbers was an administrative convenience for minor amounts of follow-up work. These modest activities were depicted as being different in kind from a case that was initiated and fully developed in-house.[8]

Accordingly, we separately report results for exclusion cases in the analyses that follow.

---

[6] For an analogous reason, we cannot (without more information) take an agent's claim that a particular bridge case "was a pre-ORT case" at face value, since that could simply be a way of saying that everything important in the case's life occurred before ORT – which could be a measure of the limit of ORT's effects, rather than something intrinsic to the case itself.

[7] We did consider other rules, such as requiring a bridge case to be open a particular number of ORT months (or a particular percentage of its total life during ORT). The problem with a rule of this sort is that any given choice would involve debatable assumptions about the limits of ORT's effects. So we would still need to do some kind of sensitivity analysis to make sure that the choice did not pre-determine our results. In other words, we would need to isolate the bridge cases for separate analysis. We thus decided to keep those cases separate for most parts of the analysis, in order to simplify our analysis

[8] Our survey confirms this point. See section 7.6 of the text

### 7.3.4 Principal Limitations of the Analysis

Our survey of cases provides far more discriminating information than is available from any other source. It is worth noting the limitations of this data, however:

- Post-ORT cases are "censored" due to the cutoff point of the data – As discussed in detail in our analysis of CIMS (Appendix 5), ORT-period data are censored, since – by comparison to pre-ORT and bridge cases – these ORT cases have not existed long enough for all of their results to accrue. That means that, for survey questions concerning development and outcomes, the ORT cases are an unavoidably biased sample – the true *ultimate* outcomes are likely to be understated in the snapshot taken by our survey. Accordingly, in our interpretation of questions about case development and outcomes, we need to be mindful that ORT cases are incomplete in a temporal sense.[9]

- Some of the most fruitful cases – those that have gone to grand juries or are at other particularly sensitive stages – have been disproportionately deleted from the post-ORT sample – We had to delete a number of post-ORT cases from our sample due to various kinds of confidentiality requirements, such as grand jury restrictions on discussing the case with any outside party and other similar problems. No pre-ORT cases were deleted for this reason. It seems reasonable to assume that cases in these sensitive stages are among the more fruitful or productive cases. Disproportionately excluding them from the post-ORT sample will tend to reduce our estimates of ORT effects.

- The survey measures frequency, not intensity – We know from interviews that OI field staff consider ORT an important change in how they do business. The question is, what forms of ORT effects are consistent with this sense that ORT is an important change? We can imagine at least two ways that ORT might affect cases. Both ways are: 1) consistent with our interview data, but 2) not captured equally well by our survey. First, if ORT had effects on a lot of cases, our survey would likely do well at capturing those effects, since in that event measures of prevalence (e.g., percent of cases using computer-driven identification of subjects) will show a noticeable change under ORT. However, if ORT has effects (small or large) on *only a few cases*, it will leave many or even most other cases untouched in terms of major characteristics being surveyed. Meanwhile, in this latter case, the effects on a few cases could be substantial or defining.[10] Notwithstanding that these intense effects involve only a relatively small proportion of cases, such effects would represent an important change in how OI does business. But our counts of survey responses would show little change, since our survey does not provide much indication of the intensity of effects.

---

[9] It is accordingly remarkable that our survey nonetheless shows major increases in positive case outcomes and follow-up for post-ORT cases. Indeed, these results are the most important results of the survey.

[10] For example, under ORT certain kinds of cases that were rare or non-existent before ORT may be brought: e.g., self-referred cases that were identified by computer analysis; or cases at a long distance that are possible to investigate using ORT travel funds.

> In other words, our survey is better at capturing some effects on a lot of cases than large effects on a few cases – or, more generally, at capturing notable changes in frequency than notable changes in intensity.

In view of these limitations, we need to be careful in how we interpret the survey data. The important point is that – even in view of these intrinsic limitations – the survey data are far more discriminating than all other available data and show major ORT effects. As our analysis below will show, these data permit us to understand cases in a much richer way than would otherwise be possible.

## 7.4 Data Collection

### 7.4.1 Sample Design

To minimize problems associated with recall error and turnover among OI agents, we restricted the survey sample to cases that opened after *January 1, 1993.* To ensure that cases included in the sample would have at least some time for development (eight months), we only included cases that had opened by *August 31, 1996.*

Our original sample design assumed a total sample of 180 cases. These were generally to be distributed as follows:

- By period – This allocation was a subjective judgment, the purpose of which was to ensure adequate numbers of pre-ORT, bridge, and post-ORT cases. We decided on a split of one-half post-ORT cases and one-half pre-ORT/bridge cases. The latter category was further divided: two-thirds pre-ORT, one-third bridge cases.

- By state: – This allocation was determined by the relative case volumes for each state over the 1993 - 1996 period, as identified in CIMS.

As this design was implemented, there were a number of different changes caused by practical problems:

- Three cases were deleted (e.g., because we could not connect the case to a field office), and 177 case surveys were sent out. Ordinarily, we would have replenished these three cases; but coincidentally, we received complaints of burden at this time. Since the result of the ensuing discussions was to cut the sample size, we did not replenish these three cases.

- Two regions with large samples – New York and Texas – indicated that they felt overburdened by the number of questionnaires they had received. In response, we agreed to reduce the sample sizes for these two states to 32 cases each (including pilot surveys, which had already been completed and returned). These deletions reduced the sample to 142.

- Not all of the 142 surveys for cases remaining in the sample could be completed – e.g., because of grand jury restrictions or the absence of the lead investigator (staff turnover). This led to sample attrition. We replenished the sample with randomly selected substitute cases. However, because of a shortage of pre-ORT cases in some areas (notably California, where an investigator had retired), the proportion of bridge cases increased.

- Replenishment was a special concern for pre-ORT cases, as problems of attrition affected pre-ORT cases disproportionately. As the survey deadline neared, we added 11 pre-ORT cases from our random list. The cases were selected in order from our random list; however, given the tight timing, we contacted RIGs directly and discussed which cases (going down the list) could be completed by investigators, as we did not have time to send substitute surveys and wait to find out if the survey could be completed (e.g., to find out if the investigator responsible for the case was available to complete a survey about the case).

In the end, having designed a sample of 180, we received 128 usable surveys. The basic differences between our original design and our final usable count were as shown in Exhibits 7-1a and 7-1b. The non-exclusion cases are our greatest concern. As is apparent from Exhibit 7-1a, the proportions of usable surveys vary by period, so that our sample of usable surveys has more post-ORT and (especially) bridge cases than in the original design. Exhibit 7-2 shows the final sample proportions, by state, period, and subject type.

**Exhibit 7-1a**
**Survey of Cases: Total Non-Exclusion Cases by Period and by Disposition**

| | Pre-ORT | Bridge | Post-ORT | Total |
|---|---|---|---|---|
| **Total Non-Exclusion Cases in Original Sample** [1] | 31 | 29 | 48 | 108 |
| **Net Change after Attrition and Replenishment** | (1) | 3 | (8) | 6 |
| **Completed Surveys Received** | 30 | 32 | 40 | 102 |
| **Not Usable**[1] | 11 | 1 | 3 | 15 |
| ***Usable (N)*** | ***19*** | ***31*** | ***37*** | ***87*** |
| **Usable Surveys as % of Original Sample** | 61% | 107% | 77% | 81% |

[1] Reasons cases were not usable include: case pending with a grand jury, investigator unavailable, case file cannot be located, CIN is an administrative account, and limited OI involvement.

Source: Abt Associates, 1997

**Exhibit 7-1b**
**Survey of Cases: Total Exclusion Cases by Period and by Disposition**

| | Pre-ORT | Bridge | ORT | Total |
|---|---|---|---|---|
| **Total Exclusion Cases in Original Sample** | 29 | 0 | 43 | 72 |
| **Net Change after Attrition and Replenishment** | (9) | 1 | (16) | (25) |
| **Received** | 20 | 1 | 27 | 48 |
| **Not Usable**[1] | 7 | 0 | 0 | 7 |
| ***Usable (N)*** | ***13*** | ***1*** | ***27*** | ***41*** |
| **Usable Surveys as % of Original Design** | 45% | n/a | 63% | 57% |

[1] Reasons include: case pending with a grand jury, investigator unavailable, case file cannot be located, CIN is an administrative account, and limited OI involvement.

Source: Abt Associates, 1997

**Exhibit 7-2a**
**Survey of Cases: Usuable Non-Exclusion Surveys by State, Subject Type and Period**

| | | Period | | | |
|---|---|---|---|---|---|
| **State** | **Subject Type** | **Pre-ORT** | **Bridge** | **ORT** | **Total** |
| California | DME | 2 | 0 | 4 | **6** |
| | HHA | 1 | 2 | 6 | **9** |
| | SNF | 0 | 4 | 0 | **4** |
| Florida | DME | 5 | 6 | 13 | **24** |
| | HHA | 0 | 0 | 0 | **0** |
| | SNF | 0 | 0 | 1 | **1** |
| Illinois | DME | 1 | 1 | 2 | **4** |
| | HHA | 2 | 1 | 0 | **3** |
| | SNF | 0 | 0 | 0 | **0** |
| New York | DME | 8 | 7 | 4 | **19** |
| | HHA | 0 | 0 | 2 | **2** |
| | SNF | 0 | 1 | 0 | **1** |
| Texas | DME | 0 | 2 | 2 | **4** |
| | HHA | 0 | 7 | 2 | **9** |
| | SNF | 0 | 0 | 1 | **1** |
| **Total DME** | | **16** | **16** | **25** | **57** |
| **Total HHA** | | **3** | **10** | **10** | **23** |
| **Total SNF** | | **0** | **5** | **2** | **7** |
| **Total** | | **19** | **31** | **37** | **87** |

Source: Abt Associates, 1997

**Exhibit 7-2b**
**Survey of Cases: Usuable Exclusion Surveys by State, Subject Type and Period**

| State | Subject Type | Period<br>Pre-ORT | Bridge | ORT | Total |
|---|---|---|---|---|---|
| California | DME | 1 | 0 | 6 | **7** |
| | HHA | 0 | 0 | 1 | **1** |
| | SNF | 0 | 0 | 1 | **1** |
| Florida | DME | 0 | 0 | 0 | **0** |
| | HHA | 0 | 0 | 0 | **0** |
| | SNF | 0 | 0 | 0 | **0** |
| Illinois | DME | 1 | 0 | 2 | **3** |
| | HHA | 0 | 0 | 0 | **0** |
| | SNF | 0 | 0 | 0 | **0** |
| New York | DME | 2 | 1 | 2 | **5** |
| | HHA | 1 | 0 | 1 | **2** |
| | SNF | 2 | 0 | 4 | **6** |
| Texas | DME | 0 | 0 | 0 | **0** |
| | HHA | 1 | 0 | 3 | **4** |
| | SNF | 5 | 0 | 7 | **12** |
| **Total DME** | | **4** | **1** | **10** | **15** |
| **Total HHA** | | **2** | **0** | **5** | **7** |
| **Total SNF** | | **7** | **0** | **12** | **19** |
| **Total** | | **13** | **1** | **27** | **41** |

Source: Abt Associates, 1997

We thus were forced to adjust our stratified randomized sample to accommodate a series of understandable practical difficulties. We attempted to preserve the random character of the cases sampled. But given the relatively small N in relation to the attrition, it is necessary to be cautious in thinking about the systematic biases that may have been introduced. Our analyses of attrition (data not shown) fail to reveal any statistically significant biases in the attrition, except with respect to period (pre-ORT cases were lost disproportionately from the sample) – that is, we do not find important *within-period* biases. The biases we note across periods is readily dealt with, however, by analyzing data separately by periods, which we do for all purposes except case initiation.

### 7.4.2 Survey Instrument

A copy of the survey instrument and cover letter are included in Attachment 1 to this appendix. The questionnaire was revised on several occasions– notably, after feedback from OI in January 1997 and after the pilot test in April 1997. The survey form in Attachment 1 is the version that was distributed to investigators when we fielded the full survey.

The survey asks for a series of qualitative answers on certain key areas of interest in light of the ORT intervention. The survey questions in paraphrased form are as shown on Exhibit 7-3. As the exhibit suggests, we used the opportunity of this *case-specific* survey to ask some *agent-specific* questions.

**Exhibit 7-3**
**Survey of Cases: Summary of Survey Questions**

| Question Type and Number | Question |
|---|---|
| **CASE-SPECIFIC QUESTIONS** | |
| 1 | What prompted the investigation? |
| 2 | Was the initiation of this case unusual or atypical (e.g., in terms of the number of providers targeted, their location, the complexity of the scheme, or the complexity of the investigation itself)? |
| 3 | Was there anything else unusual about this case? |
| 4 | With respect to identification of the case target, did you have any notable collaboration with federal, state, and other agencies? |
| 5 | With respect to development of the case, did you have any notable collaboration with federal, state, and other agencies? |
| 6 | Did case development require any unusual amount of resources (e.g., staff, travel, etc.)? |
| 7 | Was case development limited by the shortage of any particular type of resource? |
| 8 | Approximately how much overnight travel did this case require? |
| 9 | Were any unusual or notably sophisticated investigative techniques used? |
| 10 | Have certain important outcomes occurred (e.g., referral to a prosecutor, recoupment, formal charges, etc.)? |
| 11 | Were any follow-up actions taken as a result of the case (e.g., written policy recommendations, exploration to find others exhibiting a similar pattern of misbehavior, etc.)? |
| 12 | Did these follow-up actions occur the case was closed or referred to another agency? |
| 13 | How would this case have been different under ORT? *or*<br>How would this case have been different before ORT?[11] |
| INVESTIGATOR-SPECIFIC QUESTIONS | |
| 14 | What in ORT has worked well? |
| 15 | What in ORT has not worked well? |
| 16a. | What single part of ORT would you urge non-ORT regions to adopt? |
| 16b | What single part of ORT would you urge non-ORT regions not to adopt? |

Source: Abt Associates Survey of Cases, 1997.

---

[11] Two versions of the questionnaire, pre and post, were created to facilitate asking two different versions of this hypothetical question.

To minimize burden, we limited the complete survey to 5 pages. Most questions were close-ended (i.e., the respondent was required only to check a box, rather than to write out a detailed answer). For a few questions, we provided space for very brief, open-ended responses.

### 7.4.3 Pilot Test

After receiving feedback from OI on our initial proposal for the survey of cases, we incorporated comments into the pilot version of the instrument and accompanying letters. In April 1997, ten pilot test survey packets were mailed to Regional Inspector Generals (RIGs), who distributed the packets to investigators. Based on the responses we received, we revised the survey slightly. The main change we made was to develop check-box responses for several questions, to simplify completion of the survey.

### 7.4.4 Conduct of the Survey

We fielded the survey in early May 1997. At that time, bundles of surveys were sent to the appropriate RIGs. In turn, the RIGs distributed each individual survey package to the lead investigator responsible for the associated case. Each survey package contained the following:

- a letter from Abt Associates,
- a questionnaire with pre-printed case information (CIN#, state/region, subject type, date open, date close, and period), and
- a pre-addressed, postage-paid return envelope.

We then tracked the survey responses over the weeks that followed. Weekly tracking reports were faxed to OI, which followed up on surveys that had not yet been returned. Surveys were received up to June 30, 1997.

If a survey could not be completed, RIGs provided investigators with a substitute survey from a random list, following procedures specified by Abt. These substitute surveys had the same period and state as the original surveys; however, due to sample and other limitations, subject types could vary from our original design.

A Microsoft Access data entry system was developed for the purposes of entering survey data. For open-ended questions, a coding map was developed. Responses were coded accordingly, and then entered into the database.

### 7.4.5 Confidentiality

The confidentiality of the survey of cases was a major concern to OI and to individual investigators. Particularly on open cases, it was obviously important to ensure that our data collection and report did not create any problems for OI's investigative work. To that end, our case survey report:

- Does not include multiple fields of any case-specific survey responses, as might allow a reader to stitch together a series of features to infer the identity of a case or group of cases.

- Uses *aggregates of cases* for its analyses, rather than identifying any specific aspect of any specific case.
- Does not quote any case-specific open-ended answers.
- Was reviewed by OI Central Office before being circulated to others, to catch any possible, inadvertent disclosures.**[OI review pending]**

These procedures were designed to ensure that no case identities were revealed in our report. Even with these assurances, several surveys were returned incomplete, with notes attached indicating that the cases were still pending before a grand jury and therefore subject to strict confidentiality requirements. These cases were eliminated from our sample.

## 7.5 Case-specific Survey Results: Non-exclusion Cases

The following section presents our case-specific survey results for the non-exclusion cases. For convenience, we proceed more or less consecutively through the survey questions, but have grouped clusters of questions together when they address the same or similar issues.

### *1. Changes in the initiation of cases (Questions 1 and 4)*

Exhibit 7-4 shows results of a query about how the case was initiated: specifically, what the referral sources were. As can be seen from the exhibit, the identification of subjects of cases did not change much from pre-ORT to post-ORT cases.[12] Percentages are little changed, except perhaps in two respects: a somewhat higher proportion of MFCU-referred cases after ORT, and a somewhat lower proportion of OI referrals from outside the field office.

**Exhibit 7-4**
**Survey of Cases: Referral Sources**

| | Non-Exclusion | | Exclusion | |
|---|---|---|---|---|
| **Referred from** | **Pre** | **Post** | **Pre** | **Post** |
| OAS | 0% | 3% | 0% | 0% |
| OI in another region | 6% | 0% | 0% | 4% |
| HCFA | 6% | 3% | 0% | 0% |
| HCFA contractor | 42% | 41% | 0% | 0% |
| MFCU or other state agency | 0% | 11% | 93% | 93% |
| Other | 44% | 41% | 0% | 0% |
| Don't Know | 2% | 3% | 7% | 4% |
| **Total** | **100%**<br>N = 50 | **100%**<br>N = 37 | **100%**<br>N = 14 | **100%**<br>N = 27 |

Note: Percentages may not sum to 100% due to rounding.

Source: Abt Associates, 1997

---

[12] It is worth noting again that, for the identification phase of cases, bridge cases are considered pre-ORT cases.

Exhibit 7-5a shows a somewhat different dimension of case initiation: responses to a question about whether or not any notable collaboration occurred in the identification of the subject(s) for investigation. Collaboration is up under ORT: the cases with collaboration with at least one non-OI agency increased from 70% to over 80%. Exhibit 7-5b suggests that most of this increase in collaboration was generated with *non-ORT* agencies: specifically, with state agencies of some kind. Most of these are MFCUs and state survey/certification agencies (data not shown). That result is consistent with our site visits, with Exhibit 7-4 above, and with what we found in our analysis of CIMS (see Appendix 5). However, we do not see any increase in collaboration in case identification from ORT partners and related entities – notably, from HCFA or its contractors. Some of the HCFA influence may be picked up in the increase in collaboration from state survey/certification agencies.

**Exhibit 7-5a**
**Survey of Cases: Notable Collaboration in the Identification of Case Subjects**

| | Non-Exclusion | | Exclusion | |
|---|---|---|---|---|
| **Response** | **Pre** | **Post** | **Pre** | **Post** |
| No Notable Collaboration | 30% | 19% | 36% | 22% |
| At least some Collaboration | 70% | 81% | 64% | 78% |
| **Total** | **100%**<br>**N =50** | **100%**<br>**N =37** | **100%**<br>**N =14** | **100%**<br>**N =27** |

Note: Percentages may not sum to 100% due to rounding.

Source: Abt Associates, 1997

**Exhibit 7-5b**
**Survey of Cases: Collaboration in Identification of those Cases with Notable Collaboration**

| | Non-Exclusion | | Exclusion | |
|---|---|---|---|---|
| **Collaboration With** | **Pre** | **Post** | **Pre** | **Post** |
| State Only | 3% | 23% | 89% | 95% |
| Federal Only | 69% | 53% | 11% | 0% |
| Federal and State | 17% | 13% | 0% | 5% |
| Other Only | 9% | 7% | 0% | 0% |
| Federal and Other | 0% | 3% | 0% | 0% |
| Federal, State and Other | 3% | 0% | 0% | 0% |
| **Total** | **100%**<br>**N = 35** | **100%**<br>**N = 30** | **100%**<br>**N = 9** | **100%**<br>**N = 21** |

Note. Percentages may not sum to 100% due to rounding.

Source: Abt Associates, 1997

While these differences are generally in the expected direction for ORT effects, they are small. We could as easily focus on what has not changed, because it appears that – in the crude terms of our questions – *most cases* have changed little in character.

### *2. Changes in the complexity of cases (Question 2)*

In general, when characterizing the complexity of post-ORT cases, investigators did not see a major change from the typical pre-ORT case in almost 80% of the cases (there were changes in complexity indicated for only 22% of the cases) (Exhibit 7-6a). But the balance of cases were viewed as atypical from the pre-ORT norm. Post-ORT cases were slightly different in the number of targeted providers, the location of the targeted providers, the complexity of the scheme being investigated, and the complexity of the investigation (Exhibit 7-6b). This change is consistent with our interview data – e.g., pointing to the influence of added ORT resources on the reach of investigations (see discussion of answers to our resources questions below).

**Exhibit 7-6a**
**Survey of Cases: Were there Changes in Case Complexity Compared to Typical Pre-ORT Cases?**

| | Non-Exclusion | | | Exclusion | | |
|---|---|---|---|---|---|---|
| **Response** | **Pre** | **Bridge** | **Post** | **Pre** | **Bridge** | **Post** |
| No | 21% | 52% | 54% | 15% | 100% | 93% |
| Yes | 11% | 23% | 22% | 0% | 0% | 0% |
| Don't Know | 0% | 0% | 8% | 0% | 0% | 0% |
| Not Applicable | 69% | 26% | 8% | 77% | 0% | 4% |
| No Answer | 0% | 0% | 8% | 8% | 0% | 4% |
| **Total** | **100%**<br>**N = 19** | **100%**<br>**N = 31** | **100%**<br>**N = 37** | **100%**<br>**N = 13** | **100%**<br>**N = 1** | **100%**<br>**N = 27** |

Note: Percentages may not sum to 100% due to rounding.

Source: Abt Associates, 1997

**Exhibit 7-6b**
**Survey of Cases: Unusual Initiation Compared to Pre-ORT Cases?**

| | Non-Exclusion | | | Exclusion | | |
|---|---|---|---|---|---|---|
| **Response** | **Pre** | **Bridge** | **Post** | **Pre** | **Bridge** | **Post** |
| No | 21% | 52% | 54% | 15% | 100% | 93% |
| Yes- Number of providers | 5% | 16% | 11% | 0% | 0% | 0% |
| Yes- Location of providers | 5% | 7% | 11% | 0% | 0% | 0% |
| Yes- Alleged scheme of infraction | 5% | 7% | 14% | 0% | 0% | 0% |
| Yes- Complexity of investigation | 0% | 3% | 8% | 0% | 0% | 0% |
| Yes- Other | 5% | 3% | 5% | 0% | 0% | 0% |
| Don't Know | 0% | 0% | 8% | 0% | 0% | 0% |
| Not Applicable | 69% | 26% | 8% | 77% | 0% | 4% |
| No Answer | 0% | 0% | 8% | 8% | 0% | 4% |
| **Total** | **n/a**<br>N = 19 | **n/a**<br>N = 31 | **n/a**<br>N = 37 | **n/a**<br>N = 13 | **n/a**<br>N = 1 | **n/a**<br>N = 27 |

Note: Respondents were encouraged to cite all the ways in which the case was unusual, so rows are not mutually exclusive and percentages sum to more than 100%.

Source: Abt Associates, 1997

### 3. *Changes in other unusual case features (Question 3)*

Exhibit 7-7 shows investigators' overall estimation if there were anything else unusual about the cases surveyed, beyond the complexity of the cases and how they were initiated. The exhibit shows an increase (from 16% to 24%) in the proportion of cases viewed as unusual, from pre- to post-ORT.

**Exhibit 7-7**
**Survey of Cases: Changes in Other Unusual Case Features**

| Response | Non-Exclusion | | | Exclusion | | |
|---|---|---|---|---|---|---|
| | Pre | Bridge | Post | Pre | Bridge | Post |
| No | 79% | 84% | 73% | 100% | 100% | 93% |
| Yes | 16% | 16% | 24% | 0% | 0% | 7% |
| No Answer | 5% | 0% | 3% | 0% | 0% | 0% |
| **Total** | **100%**<br>**N = 19** | **100%**<br>**N = 31** | **100%**<br>**N = 37** | **100%**<br>**N = 13** | **100%**<br>**N = 1** | **100%**<br>**N = 27** |

Note: Respondents were encouraged to cite all the ways in which the case was unusual, so rows are not mutually exclusive and percentages sum to more than 100%.

Source: Abt Associates, 1997

### 4. *Case development 1: Collaboration (Question 5)*

The first issue in case development was to review whether or not collaboration had increased in any important way. Exhibit 7-8 suggests that collaboration did indeed increase substantially: there was some notable collaboration in almost 79% of the pre-ORT cases, but over 89% in the post-ORT cases. The increased collaboration in case development was largely with state agencies – largely, MFCUs and survey/certification agencies (data not shown).

**Exhibit 7-8**
**Survey of Cases: Notable Collaboration in Case Development**

| Response | Non-Exclusion | | | Exclusion | | |
|---|---|---|---|---|---|---|
| | Pre | Bridge | Post | Pre | Bridge | Post |
| No notable collaboration | 21% | 39% | 11% | 69% | 100% | 70% |
| At least some collaboration | 79% | 61% | 89% | 31% | 0% | 30% |
| **Total** | **100%**<br>**N = 19** | **100%**<br>**N = 31** | **100%**<br>**N = 37** | **100%**<br>**N = 13** | **100%**<br>**N = 1** | **100%**<br>**N = 27** |

Note: Percentages may not sum to 100% due to rounding.

Source: Abt Associates, 1997

### 5. *Case development 2: Resources (Questions 6, 7, and 8)*

Exhibit 7-9 suggests that post-ORT cases are indeed different in terms of the resources they use, but these differences are only partially what we would predict. The proportion of cases with no unusual resource requirements in fact is little changed under ORT (roughly three-quarters of all cases, as is true for pre-ORT and bridge cases). But there are notable changes in other areas:

**Exhibit 7-9**
**Survey of Cases: Unusual Resources Required for Case Development**

| | Non-Exclusion | | | Exclusion | | |
|---|---|---|---|---|---|---|
| **Resource Type** | **Pre** | **Bridge** | **Post** | **Pre** | **Bridge** | **Post** |
| Staff Time | 26% | 23% | 14% | 0% | 0% | 22% |
| Travel Funds | 5% | 7% | 8% | 0% | 0% | 0% |
| Computer Resources | 5% | 16% | 14% | 0% | 0% | 15% |
| Medical Review | 5% | 0% | 8% | 0% | 0% | 0% |
| Communication Costs | 0% | 0% | 0% | 0% | 0% | 4% |
| Legal Resources | 0% | 0% | 5% | 0% | 0% | 0% |
| Other | 0% | 3% | 3% | 0% | 0% | 0% |
| None of the Above | 74% | 71% | 76% | 77% | 100% | 74% |
| No Answer | 0% | 3% | 3% | 23% | 0% | 4% |
| **Total** | **n/a**<br>N = 19 | **n/a**<br>N = 31 | **n/a**<br>N = 37 | **n/a**<br>N = 13 | **n/a**<br>N = 1 | **n/a**<br>N = 27 |

Note: Respondents were encouraged to cite all resources required, so rows are not mutually exclusive and percentages sum to more than 100%.

Source: Abt Associates, 1997

- Staff time – There is a very large drop in the proportion of cases that required unusual staff resources: from 23% -26% for pre-ORT and bridge cases to 14% for post-ORT cases. It is not clear why this would happen, given the staff increases that accompanied ORT and the (admittedly slight) increases in case complexity after ORT (see discussion of Question 2 above). One possible explanation is that, on average, post-ORT cases came to investigators in better-developed form, thus reducing the unusual resource needs after the cases were opened. Another possible explanation is that unusual amounts of time from *investigators* were not required as often when:

  – Constraints in certain non-staff resources were eased in such key areas as travel, computers, and medical review (see discussion of medical review resources below);[13] and

  – Case development processes were somewhat more efficient, through greater collaboration.

  But these are all conjectures, and we are unable to say with confidence why individual cases required unusual staff resources in the pre-ORT and bridge periods to a much greater extent than the post-ORT period.

- Travel – A slightly higher proportion of post-ORT cases (8%) used unusual amounts of travel compared to pre-ORT cases (5%). Bridge cases were in between these two limits, possibly reflecting a slight influence of ORT on the bridge cases. However, in terms of the amount of *overnight* travel (Exhibit 7-10), the post-ORT cases (14%) show only a slight increase from pre-ORT cases (11%) in the proportion with "some" travel (< 20 days of overnight travel) or a "lot" of overnight travel (20 days or more). The puzzling result is bridge cases, for which a much higher proportion (29%) had some or a lot of travel. If ORT had this effect on the bridge cases, we would expect the ORT effect on post-ORT cases to be much larger.

---

[13] Note that the use of medical review resources would likely show up in our survey as "medical review" resources, rather than "staff" resources.

- Computer resources – 14% of post-ORT cases used unusual amounts of computer resources in case development, compared to only 5% in pre-ORT cases. For reasons that are unclear, 16% of the bridge cases used unusual amounts of computer resources, again possibly reflecting a slight influence of ORT on the bridge cases, although we cannot be sure.

- Medical review, legal, and other resources – Almost 16% of the post-ORT cases made special use of medical review, legal, and other resources, compared to almost none of the pre-ORT and bridge cases. In other words, these post-ORT cases were categorically different than the pre-ORT cases – e.g., in using Peer Review Organizations (PROs) to assist in cases by providing medical review resources, a practice essentially without precedent before ORT. (Note that our site interviews confirm this difference; see Appendix 1.)

**Exhibit 7-10**
**Survey of Cases: Amount of Overnight Travel Required by the Case**

| | Non-Exclusion | | | Exclusion | | |
|---|---|---|---|---|---|---|
| **Response** | **Pre** | **Bridge** | **Post** | **Pre** | **Bridge** | **Post** |
| None | 90% | 68% | 84% | 100% | 100% | 96% |
| Some (e.g., less than 20 days) | 11% | 26% | 14% | 0% | 0% | 0% |
| A lot (e.g., 20 days or more) | 0% | 3% | 0% | 0% | 0% | 0% |
| No Answer | 0% | 3% | 3% | 0% | 0% | 4% |
| **Total** | **100%**<br>**N = 19** | **100%**<br>**N = 31** | **100%**<br>**N = 37** | **100%**<br>**N = 13** | **100%**<br>**N = 1** | **100%**<br>**N = 27** |

Note: Percentages may not sum to 100% due to rounding.

Source: Abt Associates, 1997

Meanwhile, the proportion of cases for which case development was limited by the shortage of some resource declined somewhat: 32% of pre-ORT and bridge cases were said to be limited by a resource shortage, compared to 27% of post-ORT cases (Exhibit 7-11).

Overall, we thus see evidence that post-ORT cases made somewhat greater use of computer resources and travel than their pre-ORT counterparts, made lesser staff demands (a bit of a puzzle), and made unique uses of medical review/legal/other resources. In pattern, if not extent (almost all of the differences are small), these results comport well with simple predictions based on what ORT was trying to accomplish.

**Exhibit 7-11**
**Survey of Cases: Development Limited by Shortage of Some Kind of Resource**

| | Non-Exclusion | | | Exclusion | | |
|---|---|---|---|---|---|---|
| **Response** | **Pre** | **Bridge** | **Post** | **Pre** | **Bridge** | **Post** |
| No | 68% | 65% | 68% | 92% | 100% | 85% |
| Yes | 32% | 32% | 27% | 0% | 0% | 11% |
| No Answer | 0% | 3% | 5% | 8% | 0% | 4% |
| **Total** | **100%**<br>**N = 19** | **100%**<br>**N = 31** | **100%**<br>**N = 37** | **100%**<br>**N = 13** | **100%**<br>**N = 1** | **100%**<br>**N = 27** |

Note: Percentages may not sum to 100% due to rounding.

Source: Abt Associates, 1997

The principal exceptions to this summary appraisal are the absence of indications of more intensive staffing in the post-ORT cases and indications of more extensive travel in the bridge cases compared to the post-ORT cases.

### 6. *Case development 3: Unusual or notably sophisticated investigative techniques, compared to the typical pre-ORT case (Question 9)*

This question was designed to elicit information about more frequent use of sophisticated investigative techniques under ORT, compared to the typical pre-ORT case. The meaning of "unusual" or "notably sophisticated" was not defined (short definitions we could construct did not seem to improve on the common understandings of the original terms). In any event, the results suggest a slight increase in cases using unusual investigative techniques, from 5% pre-ORT to 11% post-ORT (Exhibit 7-12).

**Exhibit 7-12**
**Survey of Cases: Unusual or Notably Sophisticated Investigative Techniques, Compared to Pre-ORT Cases**

| | Non-Exclusion | | | Exclusion | | |
|---|---|---|---|---|---|---|
| **Response** | **Pre** | **Bridge** | **Post** | **Pre** | **Bridge** | **Post** |
| No Unusual Techniques | 37% | 77% | 73% | 46% | 100% | 96% |
| Some Unusual Techniques | 5% | 7% | 11% | 0% | 0% | 0% |
| Don't Know | 0% | 0% | 3% | 0% | 0% | 0% |
| Not Applicable | 58% | 13% | 11% | 54% | 0% | 4% |
| No Answer | 0% | 3% | 3% | 0% | 0% | 0% |
| **Total** | **100%**<br>**N = 19** | **100%**<br>**N = 31** | **100%**<br>**N = 37** | **100%**<br>**N = 13** | **100%**<br>**N = 1** | **100%**<br>**N = 27** |

Note: Percentages may not sum to 100% due to rounding.

Source: Abt Associates, 1997

### 7. *Case outcomes (Question 10)*

One aspiration of ORT was to enhance the quality of cases: higher quality cases would mean more frequent positive outcomes. This area was problematic to survey, since (compared to pre-ORT cases) post-ORT cases have not had a comparable time to yield positive outcomes and have a disproportionate share of cases excluded due to grand jury secrecy and other concerns. What is notable in our results is that, notwithstanding these problems, post-ORT cases do show a somewhat higher rate of positive outcome. We can define "positive outcome" to include any case that results in:

- A referral to the U.S. Attorney, the FBI, or other law enforcement agency,
- Filing of formal civil or criminal charges,
- Exclusion,
- Recoupment, or
- Other (e.g., provider bankruptcy).

Exhibit 7-13 suggests that *there has been a noticeable increase in cases with a positive outcome*: from 53% (pre-ORT) to 73% (post-ORT). The bridge cases have a somewhat higher figure for positive outcomes (81%), which could reflect their longer gestation period as of the time of the survey or the influences of ORT, or both.

**Exhibit 7-13**
**Survey of Cases: Significant Case Outcomes**

| | Non-Exclusion | | | Exclusion | | |
|---|---|---|---|---|---|---|
| **Response** | **Pre** | **Bridge** | **Post** | **Pre** | **Bridge** | **Post** |
| Total with a positive outcome[1] | 53% | 81% | 73% | 100% | 100% | 96% |
| Total without a positive outcome | 47% | 19% | 27% | 0% | 0% | 4% |
| **Total** | **100%**<br>**N = 19** | **100%**<br>**N = 31** | **100%**<br>**N = 37** | **100%**<br>**N = 13** | **100%**<br>**N = 1** | **100%**<br>**N = 27** |

Note: 1) Positive outcomes include: referral of some kind, formal criminal or civil charges, exclusion and recoupment.
2) Reasons for cases without a positive outcome include: case closed, no outcome, no answer, don't know.

Percentages may not sum 100% due to rounding.
Source: Abt Associates, 1997

Compared to the pre-ORT cases, *the post-ORT increase in proportion of cases with positive outcomes is one of the most remarkable results of the entire survey* (the other remarkable result is in case follow-up, as discussed immediately below). This result is the closest thing we have in the survey to a summary measure of whether or not ORT effects – whatever they are – made an ultimate difference in case outcomes. Already, it appears, the ORT cases show signs of higher quality than their pre-ORT predecessors – notwithstanding that we would expect the post-ORT figure to be biased downward, compared to figures for pre-ORT and bridge cases.

### *8. Case follow-up (Questions 11 and 12)*

Another area where ORT sought to improve on traditional practices was in what might be termed "case follow-up." In the past, it was felt, enforcement process failed to take a given case and follow-up on its implications in a proactive way. Thus, discovery of one provider engaging in a particular pattern of fraud did not lead often enough to 1) more thorough exploration (e.g., searching for other providers doing the same thing), or 2) preventive efforts (e.g., contacting HCFA to discuss the need for policy changes).

The results on this score are striking. As shown on Exhibit 7-14, there were large increases in the proportion of cases with the following kinds of follow-up:[14]

**Exhibit 7-14**
**Survey of Cases: Follow-up Actions**

| | Non-Exclusion | | | Exclusion | | |
|---|---|---|---|---|---|---|
| **Follow-up Action** | **Pre** | **Bridge** | **Post** | **Pre** | **Bridge** | **Post** |
| Commenced investigations of similar providers | 11% | 10% | 38% | 8% | 0% | 4% |
| Submitted written recommendations for policy changes | 5% | 0% | 11% | 0% | 0% | 4% |
| Met with agency outside OIG | 11% | 16% | 27% | 0% | 0% | 0% |
| Met with or submitted recommendations to Medicare contractor | 5% | 13% | 8% | 0% | 0% | 0% |
| Issued a Management Implication Report | 5% | 16% | 19% | 0% | 0% | 4% |
| Other | 0% | 7% | 3% | 0% | 0% | 0% |
| No Follow-up Actions Taken | 68% | 52% | 41% | 85% | 100% | 93% |
| No Answer | 0% | 3% | 3% | 8% | 0% | 0% |
| **Total** | **n/a<br>N = 19** | **n/a<br>N = 31** | **n/a<br>N = 37** | **n/a<br>N = 13** | **n/a<br>N = 1** | **n/a<br>N = 27** |

Note: Respondents were encouraged to cite all follow-up actions taken as a result of the case, so rows are not mutually exclusive and percentages sum to more than 100%.

Source: Abt Associates, 1997

- Exploration for providers exhibiting the same pattern – Cases with exploration for other instances have more than tripled, from 11% pre-ORT to 38% post-ORT.

- Subsequent *written* policy recommendations – Cases that lead to an explicit policy recommendation increased from 5% to 11%.

- Meeting with someone outside OIG concerning the case – Investigators met with someone outside the agency in 11% of pre-ORT cases and 27% of post-ORT cases. In other words, the proportion of cases on which investigators met with someone outside the agency to follow-up on the case more than doubled.

---

[14] Note that these follow-up categories are not mutually exclusive, so the percentages do not add to 100%.

- Meeting with a Medicare contractor or submission of a written recommendation to change some aspect of contractor operations – Follow-up work with Medicare contractors increased slightly, from 5% to 8%.

- Issuance of a Management Implication Report (MIR) – MIRs were issued in 5% of the pre-ORT cases, but 19% of the post-ORT cases.

- No follow-up – Cases with no follow-up action declined substantially, from 68% pre-ORT to 41% post-ORT.

These results are consistent and surprisingly large for almost all measures. Meanwhile, as shown on the exhibit, the results for the bridge cases are typically in between the results for pre-ORT and post-ORT cases.

Exhibit 7-15 offers some insight into the timing of the follow-up that occurred. ORT was supposed to encourage earlier follow-up by investigators, so that the policy process would not have to wait for the completion of a multi-year case in order to learn from the case (e.g., to take steps to prevent further abuses). The exhibit shows the timing of follow-up. In 35% of the post-ORT cases – but only 26% of the pre-ORT cases – follow-up occurred at what might be termed an "early" moment: before the case closed and/or before the case was referred. This result is interesting because the post-ORT figure is likely an understatement, since the post-ORT cases are younger on average and thus less completely developed in terms of follow-up.

**Exhibit 7-15**
**Survey of Cases: Timing of Follow-up**

| | Non-Exclusion | | | Exclusion | | |
|---|---|---|---|---|---|---|
| **Follow-up actions were taken...** | **Pre** | **Bridge** | **Post** | **Pre** | **Bridge** | **Post** |
| ...before the case was referred | 5% | 3% | 5% | 8% | 0% | 0% |
| ...before the case closed | 21% | 26% | 24% | 0% | 0% | 7% |
| ...before the case closed *and* before the case was referred | 0% | 3% | 5% | 0% | 0% | 0% |
| No Answer | 5% | 13% | 24% | 8% | 0% | 4% |
| Not Applicable/No Followup Actions Taken | 68% | 55% | 41% | 85% | 100% | 89% |
| **Total** | **100%**<br>N = 19 | **100%**<br>N = 31 | **100%**<br>N = 37 | **100%**<br>N = 3 | **100%**<br>N = 1 | **100%**<br>N = 27 |

Note: Percentages may not sum to 100% due to rounding.

Source: Abt Associates, 1997

*9. The hypothetical: how would the case have been different if it occurred in a different period? (Question 13)*

The final case-specific question we asked was an attempt in a very approximate way to use each case as its own control. For pre-ORT cases, we asked how the case would have been different under ORT. For post-ORT cases, we asked how the case would have been different before ORT. The question was open-ended – answers were not prompted by check boxes or other means. The results were as follows (Exhibit 7-16):[15]

**Exhibit 7-16**
**Survey of Cases: Hypothetical: How would case have been different if conducted during a different period?**

| | Non-Exclusion | | Exclusion | |
|---|---|---|---|---|
| **Difference** | **Pre** | **Post** | **Pre** | **Post** |
| Collaboration in some form | 6% | 11% | 0% | 0% |
| Travel funds | 6% | 6% | 0% | 0% |
| Staff resources | 19% | 11% | 0% | 0% |
| Other resources | 6% | 11% | 8% | 4% |
| Change in priorities | 0% | 9% | 8% | 0% |
| Other differences | 0% | 3% | 0% | 0% |
| No difference | 63% | 34% | 77% | 73% |
| Don't know | 6% | 14% | 0% | 0% |
| No Answer | 0% | 14% | 15% | 23% |
| **Total**[1] | **n/a**<br>**N = 16** | **n/a**<br>**N = 35** | **n/a**<br>**N = 13** | **n/a**<br>**N = 26** |

Note: Respondents were given open-ended opportunity to respond, so some mentioned multiple differences. As a result, rows are not mutually exclusive and percentages do not sum to 100%.

1) Responses to this question for 2 ORT non-exclusion cases and 1ORT exclusion case were excluded due to a statement that the case was a pre-ORT case – a statement that makes it impossible to determine the meaning of answers about how the case then differed from a pre-ORT case. 3 pre-ORT case survey responses to this question were excluded for similar reasons.

Source: Abt Associates, 1997

- Pre-ORT cases – In over half the cases, respondents did not indicate any respect in which the pre-ORT case would have been different under ORT. For the balance of the pre-ORT cases, the principal differences cited are resources (especially staff, as well as other) and collaboration.

- Post-ORT cases – Again in over half the cases, respondents did not indicate any respect in which the post-ORT case would have been different under the old, pre-ORT regime. The most frequent instances noted are collaboration, resources (travel, staff, and other), and the change in management priorities in support of the case.

---

[15] Note that no difference was inferred when respondents gave the following survey answers: some form of "there would be no change," some form of "don't know," and no answer. Note also that we do not present results for the bridge cases on this question, since the bridge cases have no obvious "opposite" in time – bridge cases are both pre- and post-ORT in various respects, so a query asking about the pre-ORT or post-ORT period makes no obvious sense.

From this point of view, the big difference ORT made is in collaboration and resources. That does not come as a big surprise, since those are probably the two most salient characteristics of ORT, after all.[16]

## 7.6 Case-specific Survey Results: Exclusion Cases

As noted earlier, exclusion cases are so different from non-exclusion cases that they must be analyzed separately. These cases are generally simpler in their characteristics, and the effects of ORT on them were likely to be minimal. Accordingly, our review of these results will be brief. Note that the exhibits are all presented above.

### *1. Changes in the initiation of cases (Questions 1 and 4)*

Over 90% of the exclusions, before and after ORT, were referred by MFCUs (Exhibit 7-4). There was some increase in ancillary collaboration for case identification after ORT, from 64% to 78% (Exhibit 7-5).

### *2. Changes in the complexity of cases (Question 2)*

None of the pre-ORT or post-ORT exclusion cases was viewed as complex, in comparison to typical pre-ORT cases (Exhibit 7-6).

### *3. Changes in other unusual case features (Question 3)*

There were no unusual features ascribed to any of the pre-ORT, bridge, or post-ORT exclusion cases (Exhibit 7-7).

### *4. Case development 1: Collaboration (Question 5)*

There was essentially no change in collaboration for case development after ORT. Of all exclusion cases, 69% - 70% of cases had no collaboration (pre- and post-ORT), while 30% had at least one collaboration (Exhibit 7-8a).

### *5. Case development 2: Resources (Questions 6, 7, and 8)*

This is one of the few areas in which there were some pre/post differences for exclusion cases. None of the pre-ORT exclusion cases had unusual resource requirements (Exhibit 7-9). That was also true for just over three-quarters of the post-ORT cases. But there were a few post-ORT exclusion cases for which unusual resources were required, notably staff resources.

---

[16] It could be argued that the results to this query are surprising for what they do not discuss: the more frequent positive outcomes and the far more pro-active follow-up after ORT, suggested in answers to our queries about case outcomes and follow-up (Questions 10 - 12). There are many possible explanations why respondents did not note that, say, for a pre-ORT case, the difference under ORT would be a more likely positive outcome and more active follow-up. For example, the respondents may simply have been focused on inputs rather than outcomes; their references to collaboration and resources (in various forms) may actually have been a reference to these positive outcomes and pro-active approach; or the positive outcomes and pro-active approach may be evident in aggregated statistics but not yet in direct observation. We do not have evidence to resolve this admittedly speculative problem in any definitive way.

Meanwhile, there is only a slight indication of post-ORT exclusion cases for which resources cases limited development (11%, versus 0% for pre-ORT cases – see Exhibit 7-11). Neither pre-ORT nor post-ORT cases made any use of overnight travel (Exhibit 7-10).

### 6. *Case development 3: Unusual or notably sophisticated investigative techniques, compared to the typical pre-ORT case (Question 9)*

None of the exclusion cases, pre-ORT or post-ORT, involved sophisticated investigative techniques (Exhibit 7-12).

### 7. *Case outcomes (Question 10)*

Virtually all pre- and post-ORT exclusion cases involve exclusion as a case outcome (no surprise there). What is interesting is that there is some indication of a higher rate of formal criminal charges being brought in exclusion cases, post-ORT (19%, versus 8% pre-ORT – see Exhibit 7-13).

### 8. *Case follow-up (Questions 11 and 12)*

There is little change in case follow-up results, pre-ORT to post-ORT (Exhibits 7-14 and 7-15).

### 9. *The hypothetical: how would the case have been different if it occurred in a different period? (Question 13)*

Respondents saw no hypothetical change in almost any of the pre- and post-ORT cases (Exhibit 7-16).

## 7.7 Investigator-specific Results

A final way in which we sought to use investigators' opinions to understand ORT was to piggy-back *investigator-specific* questions on our case-specific survey. Specifically, in order to gain a better understanding of investigators' overall opinions of ORT, we asked the investigators to look beyond the case at hand and to elaborate on their views of ORT. We had interviewed OI investigators during site visits but wanted to confirm, through a confidential questionnaire, their opinions.

### 7.7.1 Nature of the Questions

As noted in Exhibit 7-3 above, we posed four questions to investigators: what has worked well in ORT, what has not, and what parts of ORT should and should not be adopted. Answers were un-prompted (there were no check boxes). Ample space was provided so that investigators could respond freely. Their open-ended responses were then coded into a pre-developed coding scheme. These subjective appraisals of ORT give us some insight into how field personnel view ORT.

### 7.7.2 Sample

While we received 128 usable case surveys, the questions in this section are investigator-specific, not case-specific. Thus, survey instructions directed investigators to answer the overall opinion questions only once, so as not to duplicate answers. Where individual investigators inadvertently completed this section more than once (e.g., when the questions were answered on more than one survey by what clearly was one investigator), responses were entered only once. While our instructions were specific and our review of responses careful, we cannot be sure that we avoided all duplicates. For that reason, the results of the investigator-specific questions should be viewed as approximations.

The N for each question is based on the number of different investigators that responded to that question, not the number of surveys received. Exhibit 7-17 summarizes the N by question.

**Exhibit 7-17**
**Survey of Investigators: Number Who Responded to Opinion Questions**

| Question | | N |
|---|---|---|
| 17. | What in ORT has worked well? | 50 |
| 18. | What in ORT has not worked well? | 37 |
| 19a. | What single part of ORT would you urge non-ORT regions to adopt? | 35 |
| 19b. | What single part of ORT would you urge non-ORT regions not to adopt? | 21 |

Source: Abt Associates, 1997

### 7.7.3 Investigators' Responses

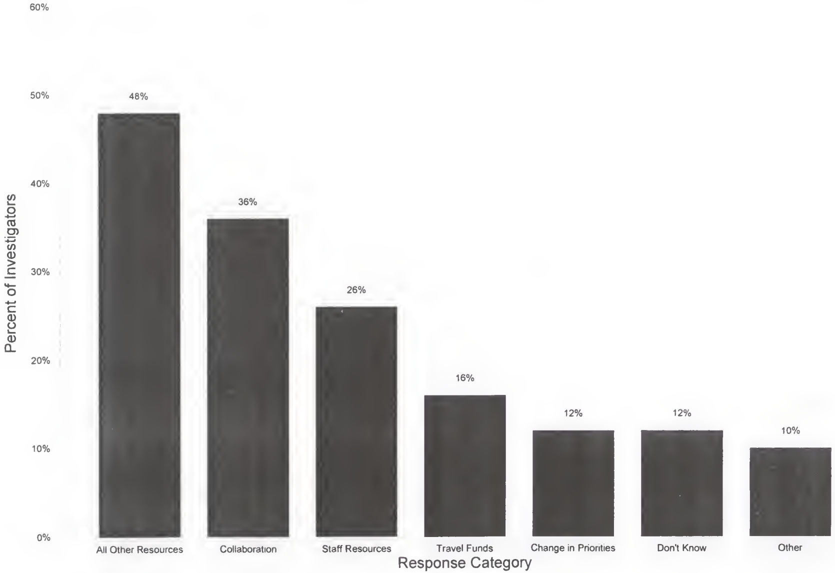
*What in ORT has worked well? (Question 14)*

As shown in Exhibit 7-18, nearly half of the 50 investigators who expressed their opinion believe that resources have been the most helpful aspect of ORT. The general category of "All Other Resources" included such things as: vehicles, equipment, offices, and funds in general. Agents claim that more funding has allowed them to conduct witness interviews, request OAS assistance, and obtain medical review.

Collaboration was reported by 36% of agents as a notable improvement. Agencies specifically mentioned by investigators included: OAS, FBI, HCFA, FIs, US Postal Inspection Service, and OEI. On a more general note, one investigator pointed to interactions between federal, state, and local sectors of the government. Another agent appreciated DoJ's increased dedication to enforcement efforts against health care abuse.

A second type of resource – staff – also rated highly. 26% of agents feel that manpower increases permit them to pursue more cases and complete cases in a more timely fashion. According to one investigator, the increase in OI staff under ORT enabled some OI agents to specialize. More staff resources allow agents to specialize, which in turn enhances productivity on provider-specific cases.

## Exhibit 7-18. Survey of Investigators: What in ORT Has Worked Well?



Note N = 50
Source Abt Associates, 1997

A third type of resource – travel – was noted by 16% of the investigators. These investigators suggested that the expanded travel budgets allowed OI to do more cross-region cases and more complex investigations (e.g., cases that involved a single provider with offices in more than one location).

The ORT-induced change in priorities was perceived as important by 12% of respondent agents. Along with agent specialization, ORT's change in case focus from general program vulnerabilities to specific aberrant providers was indicated as a significant, worthwhile change.

### *What in ORT has not worked well? (Question 15)*

More than half of the 37 agents who answered found no fault with ORT (i.e., they reported that "nothing" (N=5) has not worked well or that they are unaware (N=14) of what has not worked well). Through the eyes of field personnel, most aspects have ORT succeeded. As depicted in Exhibit 7-19, a few investigators mention ORT and non-ORT partnerships (with such agencies as FBI, MFCUs, HCFA, and other state offices) that did not happen as smoothly as hoped. While interagency involvement on specific cases has worked, one agent opined that collaboration on broader issues, for example trends and schemes, needs to be addressed.

**Exhibit 7-19**
**Survey of Investigators: What in ORT has not worked well?**

| Response Category | N | % of Investigators Who Responded |
|---|---|---|
| Unknown | 14 | 38% |
| ORT Process/Structure Restrictive | 6 | 16% |
| Nothing | 5 | 14% |
| ORT Partner Collaboration | 4 | 11% |
| Outside Collaboration | 3 | 8% |
| Excessive ORT Administration | 3 | 8% |
| Other | 3 | 8% |
| Resources Still Too Limited | 1 | 3% |
| Intrinsic Structural Problems | 1 | 3% |

**Total Investigators who responded: 37**

Source: Abt Associates, 1997

Some agents (8%) commented that too much emphasis was placed on meetings, updates, and conferences, which took time away from the investigative process. On the other hand, meetings and conferences facilitate the communication and collaboration processes that have been vital to ORT's success and that most agents claim to have found helpful, so this opinion appears to be a minority view.

*What single part of ORT would you urge non-ORT regions to adopt? (Question 16a)*

While 50 investigators elaborated on what has worked well in ORT, only about two-thirds of agents (N=35) provided comments on aspects of ORT that were worthy of being adopted by non-ORT regions. After setting aside the seven agents who "didn't know", the proportion drops to 50% of the total investigators responding. The manner in which these questions are phrased could lead investigators to think that ORT aspects that worked well are also worthy of adoption and therefore did not respond to this question, or it could imply that just because there are things that worked well in ORT does not mean they should be employed by non-ORT regions. Exhibit 7-20 details investigators' recommendations of the parts of ORT that should be implemented in other regions.

Of the 28 agents who provided notable comments to this question, almost 40% feel that intra- and inter-agency collaboration initiatives should be exercised by non-ORT regions. Joint work with the FBI has expedited cases, and cooperation with OAS on civil and criminal cases has also facilitated OI's work.

The next major set of responses came in the "Other" response category and was comprised of miscellaneous suggestions such the desirability of ORT-style training, investments in agent specialization, education on DHHS programs, community outreach, and publicity in targeted industries.

A small proportion (8%) of agents felt that ORT's change in focusing on certain providers, specifically DME suppliers, HHAs, and nursing homes, should be adopted in other regions. One elaborated that the targeted provider types should include hospitals.

Surprisingly only two agents commented on staff resources and even though 16% of agents thought that travel funds were one of ORT's most important contributions, none of the investigators singled out travel resources as an urgent issue for non-ORT regions.

*What single part of ORT would you urge non-ORT regions not to adopt? (Question 16b)*

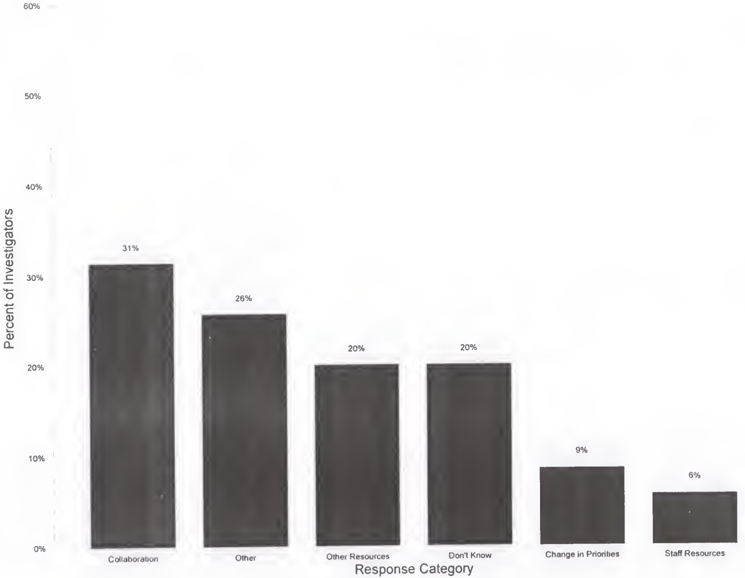
Nearly 75% of the 21 investigators who responded to this question are unaware of anything that should not be adopted by non-ORT regions. This implies that most agents believe that, on the whole, ORT brought positive changes to OI and that most aspects of ORT are worthy of being adopted by other regions.

As depicted in the table presented in Exhibit 7-21, minimal complaints do exist, however. Among the miscellaneous comments, agents explained that: staff should not be hired and trained for only ORT-type cases nor should they be limited only to OI functions; to some extent, a "separatism mentality" exists; and case types should not be limited in focus.

### Summary of Investigators' Comments

The survey of investigators suggests that agents are basically satisfied with ORT. While some agents were irritated by certain aspects of ORT (e.g., the frequent meetings), each such complaint seemed more than offset by a larger set of agents who found the associated objectives of the irritant (e.g., collaboration) to be one of ORT's strengths.

## Exhibit 7-20. Survey of Investigators: What single part of ORT should non-ORT regions adopt?



Note N = 35
Source Abt Associates, 1997

**Exhibit 7-21**
**Survey of Investigators: What single part of ORT should *not* be adopted?**

| Response Category | N | % of Investigators Who Responded |
|---|---|---|
| Unknown | 10 | 48% |
| Nothing | 6 | 29% |
| ORT Process/Structure Restrictive | 2 | 10% |
| ORT Partner Collaboration | 1 | 5% |
| ORT Partners too restricted | 1 | 5% |
| Other | 1 | 5% |
| **Total Investigators who responded: 21** | | |

Source: Abt Associates, 1997

It is generally fair to say that the agent-specific survey mirrors the case-specific survey. From the agents' points of view, the most consistent strengths of ORT are collaboration and resources. This view contrasts somewhat with the view of auditors (see Appendix 8). Auditors were more inclined to see ORT as prompting procedural innovation – a change in focus – than were agents. In this difference between agents and auditors, we see a fairly concise reflection of what our case studies have suggested (see Appendix 1).

# Attachments

Abt

Abt Associates Inc.

May 1, 1997

Dear OI Investigator:

In April 1995, the Department of Health and Human Services, along with several other federal and state agencies, launched Operation Restore Trust (ORT). Abt Associates is under contract to the Health Care Financing Administration (HCFA) to evaluate the ORT demonstration. In order to explore how ORT has affected the identification, development and outcomes of OI cases, we are surveying investigators about pre-ORT cases (i.e., cases closed before April 1995) and ORT period cases (i.e., cases closed after April 1995).

To date, we have interviewed OI investigators about ORT, but have not collected systematic qualitative information about a sample of specific cases. The enclosed survey is designed for that purpose. We would like you to complete this survey in order to help us answer key questions about some of the major accomplishments of ORT such as: Are cases differently targeted under ORT? Are particular resources especially helpful? Has ORT changed the timing and level of collaboration among key participants? With your help, we will be able to determine whether the answers to these questions differ among pre- and ORT period cases.

Enclosed please find the *Survey of a Sample of OI Cases: Interview Questions*. We ask that you complete the questionnaire within the next week. In some instances, particular investigators will have a large number of surveys to complete. In that event, we understand that a slight delay may occur in completing surveys for all of the cases. Please return surveys directly to us using the enclosed pre-addressed, postage-paid envelope. If you have any questions, please feel free to contact Ms. Selene Angier, Survey Coordinator, at (800) 265-9591 or via Internet E-mail: selene_angier@abtassoc.com.

We appreciate your time and effort in filling out this very important survey.

Sincerely,

Robert F. Coulam, Ph.D.
Project Director
Abt Associates

cc: James Kopf, Chief Inspector, OI

55 Wheeler Street ▪ Cambridge, Massachusetts USA ▪ 02138-1168 ▪ 617 492-7100 *telephone* ▪ 617 492-5219 *facsimile*

## Notes to Survey Hypothetical
## Q 13. - Survey of Cases

In order to prevent confusion, we designed two instruments— a pre-ORT version and a post-ORT version — for the Survey of Cases.

The following version of the Survey of Cases is designed for pre-ORT cases (i.e., audits that closed before ORT began on April 1, 1995). In the post-ORT version, the Hypothetical question is worded as follows:

> *This case was open at least some time after ORT began on April 1, 1995. How would this case have been different if it had been completed before ORT?*

# SURVEY OF A SAMPLE OF OI CASES:
# INTERVIEW QUESTIONS

*Abt Associates is under contract with the Health Care Financing Administration (HCFA) to carry out the* Evaluation of Operation Restore Trust. *As part of our evaluation, we are surveying OI investigators in order to better understand the initiation, development, and outcomes of pre- and post-ORT cases. Please be aware that any information obtained through this survey is confidential. Your identity will not be made known to anyone outside of Abt Associates, in any published reports or in any other form. Your completed questionnaires are to be sent directly to Abt Associates. In addition to answering the questions posed below, please verify and, if necessary, correct the following information:*

Case ID#:
State/Region:
Subject Type:
Date Case Opened:
Date Case Closed:
Period:

---

Your role in the investigation: ______________________________

______________________________

Case target or subject:

1. What prompted the investigation? How were the subject(s) of the investigation identified? *[Check one only.]*
   - ☐ Referral from OAS
   - ☐ Referral from OI in another region
   - ☐ Referral from HCFA
   - ☐ Referral from HCFA contractor
   - ☐ Referral from MFCU or other state agency
   - ☐ I don't know
   - ☐ Other— Explain:______________________________

2. By comparison to cases before ORT (i.e., before April 1, 1995), was the initiation of this case unusual or atypical in any of the following ways? *[Check all that apply.]*

   ☐ No     Yes- Explain:
   - ☐ Number of targeted providers? ____________
   - ☐ Location of targeted providers? ____________
   - ☐ Complexity of alleged scheme or suspected infraction?____________
   - ☐ Complexity of investigation?____________
   - ☐ Other____________

   ☐ Not applicable, this was a pre-ORT case

3. Was there anything else unusual about this case?

   ☐ No     ☐ Yes- Specify:______________________________

Collaboration:

4. With respect to the *identification* of the case subject(s), did you have any notable collaboration with: *[Check all that apply.]*

Federal Government
- ☐ OAS?
- ☐ OEI?
- ☐ OEC?
- ☐ OLC?
- ☐ HCFA?
- ☐ AoA?
- ☐ FBI?
- ☐ OI in another region?
- ☐ U.S. Attorney's office?
- ☐ Medicare contractors?
- ☐ Peer review organization?
- ☐ Other federal contractor or agency? Specify:________________________

State Government
- ☐ Long-term care ombudsmen?
- ☐ Medicaid agency?
- ☐ MFCUs?
- ☐ State survey or certification staff?
- ☐ Prosecutors?
- ☐ Other state contractor or agency? Specify:________________________

☐ Qui tam?
☐ Hot Line?
☐ Other? Specify:________________________
☐ No notable collaboration with respect to identifying subject(s)

Briefly describe the nature of the collaboration, if any:

________________________________________________

________________________________________________

5. With respect to the *development* of the case itself, did you have any notable collaboration with: *[Check all that apply.]*

Federal Government
- ☐ OAS?
- ☐ OEI?
- ☐ OEC?
- ☐ OLC?
- ☐ HCFA?
- ☐ AoA?
- ☐ FBI?
- ☐ OI in another region?
- ☐ U.S. Attorney's office?
- ☐ Medicare contractors?
- ☐ Peer review organization?
- ☐ Other federal contractor or agency? Specify:________________________

State Government
- ☐ Long-term care ombudsmen?
- ☐ Medicaid agency?
- ☐ MFCUs?
- ☐ State survey or certification staff?
- ☐ Prosecutors?
- ☐ Other state contractor or agency? Specify:________________________

☐ Other? Specify:________________________
☐ No notable collaboration with respect to development of the case

Briefly describe the nature of the collaboration, if any:

______________________________________________

______________________________________________

Resources:

6. Relative to the typical OI investigation, did case development require an unusual amount of: *[Check all that apply.]*
   - ☐ Staff time?
   - ☐ Travel?
   - ☐ Computer resources?
   - ☐ Medical review?
   - ☐ Communication costs?
   - ☐ Legal resources?
   - ☐ Other? ______________________________
   - ☐ None of the above

7. Was case development limited by the shortage of any particular type of resource?

   ☐ No ☐ Yes-Specify: ______________________________

   ______________________________

8. Approximately how much overnight travel did this case require?

   ☐ None ☐ Some (e.g., less than 20 days) ☐ A lot (e.g., 20 days or more)

Methods:

9. Relative to the typical OI case conducted *before* ORT (i.e., before April 1, 1995), were any unusual or notably sophisticated investigative techniques used in this case?

   ☐ No, nothing unusual ☐ Yes— Specify: ______________________________

   ______________________________

   ☐ Not applicable, this was a pre-ORT case

Results (Insofar as you know them):

10. With respect to this case, have any of the following outcomes occurred? *[Check all that apply.]*
    - ☐ Referral to U.S. Attorney's office or state prosecutor
    - ☐ Referral to FBI
    - ☐ Referral to OEC
    - ☐ Referral to OLC
    - ☐ Formal criminal charges
    - ☐ Formal civil charges
    - ☐ Exclusion
    - ☐ Recoupment
    - ☐ Other— Specify: ______________________________
    - ☐ None of these outcomes has occurred
    - ☐ Don't know

11. Did *you* take any of the follow-up actions listed below as a result of the case? *[Check all that apply.]*

☐ Commenced investigations of similar provider(s)
☐ Submitted written recommendations for policy changes (e.g., changes in federal statutes or regulations) Specify ____________________________

☐ Met with an agency outside OIG. Which agenc(ies)? __________________
☐ Met with a Medicare contractor or submitted written recommendations to change some aspect of contractor operations
☐ Issued a Management Implication Report (MIR)
☐ Other ____________________________

☐ No followup actions taken

12. If you took any of the above followup actions, did you do so before:

☐ the case was referred to another law enforcement agency (e.g. FBI, DOJ, or state prosecutor)?
☐ the case closed?

☐ Not applicable, no followup actions taken

Hypothetical:

13. This case closed before ORT began on April 1, 1995. How would this case have been different under ORT?

________________________________________
________________________________________
________________________________________
________________________________________
________________________________________
________________________________________

Overall Opinions on ORT:

Senior OIG managers are particularly interested in your views on how ORT has generally affected your work. For that purpose, the questions below look beyond this one case and ask you to compare the ORT and pre-ORT periods generally. (If you are completing surveys for more than one case and have already answered these questions on another survey regarding a different case, you do not have to repeat your answers here. But please be sure to answer the questions at least once.)

14. What in ORT has worked well?

________________________________________
________________________________________
________________________________________
________________________________________

15. What in ORT has *not* worked well?

16. If you were addressing a group of your colleagues from *non-ORT* regions, what single part of ORT would you urge them:

a. To adopt?

b. Not to adopt?

# Appendix 8
# Findings from
# The Survey of Audits

## 8.0 Introduction

As discussed in the preceding appendix, the evaluation of Operation Restore Trust (ORT) must use multiple evaluation approaches to establish reliable understandings of what ORT has and has not accomplished. The survey of audits is a further response to that requirement.

The need for this survey follows from the same logic as our survey of cases. Like cases, audits by the Office of Audit Services (OAS) are a key window through which to view a wide and diverse spectrum of ORT effects. Certain major effects ORT sought to achieve -- e.g., to enhance collaboration -- were designed to register on the identification and development of audits.[1] We therefore have special reason to focus on the character and frequency of ORT effects on these basic building blocks of enforcement.

Audits are tracked in an automated system, the Audit Information Management System (AIMS). AIMS tracks OAS audits from the date the audit is opened until the date the final audit report is issued. The system details audit sources, subject types and locations, and information on the development of audits through the audit flow cycle. While this data source is the foundation for quantitative analyses by Abt Associates (see Appendix 5), it does not provide enough qualitative information for us to analyze how ORT has affected certain key characteristics of audits. Specifically, AIMS does not provide information on critical changes suggested in our interviews, such as:

- changes in the purpose of audits,
- the initiation of promising new forms of collaboration (e.g., with state surveyors),
- the establishment of new methods of targeting audits,
- the availability under ORT of key resources (e.g., travel) to permit more far-reaching audits, and
- other possible effects.

To fill in this information, we needed to collect a few qualitative details about a large number of audits. To that end, we surveyed lead auditors involved with each audit in a random sample of audits. As outlined below, our original sample was the *universe* of audits of ORT-type providers that have opened since 1993.

---

[1] Of course, audits are not the only object of ORT efforts For example, ORT was also designed to affect the identification and development of cases by the Office of Investigations in OIG (as noted in Appendix 7), as well as to affect the operations of the Agency on Aging and of HCFA and its contractors. Only some of the effects on these other agencies would yield new audits. But ORT funds were devoted in large part to audit (and case) development by the OIG, and changes in audit processes were a principal target of the ORT approach. Thus, while they are not the only target of ORT, audits were a particularly important object of ORT.

The survey permitted us to collect information not recorded in AIMS and enables us to answer key questions about some of the major accomplishments of ORT.

We have asked a few specific questions of each audit (see survey instrument in Attachment 1 to this appendix). As with the survey of cases, the survey of audits was not a review of audit records, nor a complete history of each sampled audit. But it did identify selected characteristics of the sampled audits. *The key premise of our analysis is that, by aggregating this information across all sampled audits, we can quantify the prevalence of certain audit characteristics that ORT sought to affect.*

We had hoped to use the survey to estimate pre/post differences in audit characteristics. However, there were very few pre-ORT, ORT-type audits in the ORT states (note our summary of these audits in our AIMS analysis in Appendix 6). As it turns out, attrition among lead auditors for those few pre-ORT audits was relatively large, so that knowledgeable auditors were not available for most of the few pre-ORT audits. As a result, our pre-ORT sample for audits is trivially small – two audits. This number of audits is too small even for bare descriptive purposes of pre-ORT audits, never mind a pre/post analysis. We will ignore those two pre-ORT audits in the analysis that follows. Fortunately, what we lack in a pre-ORT sample is made up by a correspondingly large number of post-ORT responses (104). This post-ORT sample will permit us to undertake a detailed descriptive analysis of audits under ORT.

The survey of audits was designed, implemented, and analysed by Abt Associates, as described in the report that follows. However,we obviously could not survey auditors in the Office of the Inspector General without significant assistance from OIG's Office of Audit Services. We appreciate the assistance OAS gave us in this effort; we especially would like to thank the auditors who took the time to complete the surveys. Of course, Abt Associates is entirely responsible for the interpretation of results that follows.

## 8.1 Summary of Findings and Organization of the Report

The message from our survey of audits is fairly clear and consistent: for OAS, ORT represents a change in:

- approach, toward more provider-specific audits,
- process, toward more collaboration,
- techniques, toward more data-driven methods, and
- resources, toward more needed funding, particularly in travel.

This summary is fairly congruent with what ORT tried to accomplish.

It is interesting to note the contrast of these audit results to the results for the survey of cases (Appendix 7). For investigators, the big difference ORT made was in collaboration and resources. OI investigators saw ORT as a ramping up of slightly changed enforcement methods. By contrast, OAS auditors see ORT as a more fundamental change in technique and approach. That result comports more or less exactly with the findings of our process analyses (Appendix 1).

Our discussion of the survey of audits is organized as follows:

8.2 Design and methodology, including a discussion of the descriptive design we used in our survey and how we assigned audits to pre- and post-ORT periods.

8.3 Data Collection, including descriptions of our sample design, our survey instrument, and our procedures for conducting the survey (particularly those concerning confidentiality).

8.4 Presentation of responses to our audit-specific questions.

8.5 Presentation of responses to our auditor-specific questions.

## 8.2 Design and Methodology

We will analyze the survey of audits using a simple descriptive model. In this section, we explain that choice and certain decisions that influence how it should be applied.

### 8.2.1 The Impracticality of a Pre/Post or Demonstration/Comparison Model

As we have argued elsewhere (see preceding appendix; and Abt Associates, 1996a), the ideal model for estimating demonstration effects is a so-called "double-difference" model. We were unable to pursue this model in our analysis of audits for two reasons:

- The sample sizes would have to be large enough to permit multivariate estimation of the model's parameters; even with 100% response rates on the universe of audits, there were not enough pre-ORT, ORT-area audits in the demonstration states to do so (there were only 10 such audits).

- Leading auditors responsible for most of the pre-ORT audits in the ORT states had left their regions or retired, so that the pre-ORT sample declined. Our original sample included all of the ORT-area, pre-ORT audits done in the ORT states. As noted in Section 8.3 below, we lost 8 of those audits due to the departure of the responsible lead auditors. As a result, our pre-ORT responses total two, too few to be a reliable baseline.

Three options were available to rescue the pre/post design, but none was satisfactory. First, we could expand the universe of audits to include non-ORT-subject-area audits, of which there are many more in the pre-ORT period. Unfortunately, audits of non-ORT auditee types, such as hospitals and laboratories, tend to be so different from audits of ORT-type providers that comparisons of the characteristics of the two would be essentially meaningless. Second, we could expand the pre-ORT period (i.e., include audits that opened before 1993). But there were not many ORT-type audits in earlier years either; and problems of recall error and staff turnover would only increase as we went further back in time. Finally, we could expand the universe to include comparison state, pre-ORT, ORT-subject-area audits. But quite apart from the conceptual problems of using non-ORT regions to establish a pre-ORT baseline for ORT regions, there were few of these audits in the non-ORT states in the pre-ORT period. As a result, even if including these other audits were defensible on technical grounds, there were not enough of them to solve the problem.

In the end, we could not rescue the pre/post design for the simple reason that ORT was such a major change in OAS audit targets that, as it turned out, no defensible pre-ORT baseline could be estimated. *The big change in ORT was the fact of performing this type of provider-specific, ORT-subject-area audit*, not simply the way the audit was performed.

Given the small number of pre-ORT audits in our sample, we were able to create a particularly large sample of ORT-period audits: 114. This sample size gives us a considerable body of detail on all the different kinds of ORT-period audits. It also permits us to stratify the results – e.g., by region and subject type – in a way that a smaller *post*-ORT sample (e.g., as in the survey of cases) would not permit. We have exploited this difference in our analysis of results. We are thus able to offer a description of ORT audits that is somewhat more complex than would otherwise be possible.

### 8.2.2 Assigning Audits to "Pre-ORT" and "Post-ORT" Periods

All of the above discussion of course assumes that we can assign audits to pre- and post-ORT periods. Unfortunately, the date field included in the AIMS data we received only permits us to identify the year that audits opened. Our decision rule was simple. We assigned audits that opened in 1993 and 1994 to the pre-ORT period and audits that opened in 1995 and 1996 to the post-ORT period. This specification makes the "pre-ORT" period somewhat overinclusive, if anything. The reason: since some of the audits opening in 1994 doubtless extended into the ORT period, it is likely that – unbeknownst to us – some of the audits we are identifying as pre-ORT might more properly be considered "bridge audits" (using logic analogous to that set forth for "bridge cases"in Appendix 7). Our counts of pre-ORT audits will tend to be too large, so the problems set forth above – too few pre-ORT audits in areas of interest to us – are not created by a definition of pre-ORT that is too restrictive. If anything, the reverse is true.

### 8.2.3 Principal Limitations of the Analysis

Our survey of audits provides far more discriminating information on certain audit characteristics than is available from any other source. It is worth noting the limitations of this data, however:

- Our data do not cover a long enough period to capture all the audit effects that will ultimately occur – We have noted repeatedly that the brevity of our evaluation requires us to score demonstration efforts before all of the effects of demonstration activities have occurred or been recorded. In the survey of audits, this means that where the passage of time is important to a characteristic – e.g., to aspects of audit development, outcomes, and follow-up – answers to our survey questions will be based on necessarily incomplete information and will tend to understate the ultimate presence of the characteristics.

- Some of potentially the most effective audits – those that are at particularly sensitive stages – have been deleted from the sample – We had to delete 7 audits from our sample due to various kinds of confidentiality requirements. It seems reasonable to assume that audits in these sensitive stages are among the more productive audits. While we are not doing a pre/post analysis of audits, the deletion of these audits will tend to bias downward our estimates of the presence of certain audit characteristics – e.g., the proportion of audits with some kind of active follow-up.

- The survey measures frequency, not intensity – What we said in Appendix 7 about our survey of cases is also true of our survey of audits: our survey is better at capturing some effects on a lot of audits than large effects on a few audits – or, more generally, at capturing notable changes in frequency than notable changes in intensity.

In view of these limitations, we need to be careful in how we interpret the survey data. The important point is that – even in view of these intrinsic limitations – the survey provides an unusually rich picture of audits in the ORT period.

## 8.3 Data Collection

### 8.3.1 Sample Design

As noted in the preceding section, our sample of ORT-state, ORT-subject area audits is actually the universe of such audits. Audits that opened before 1993 were excluded due to concerns about recall error and the effects of staff movement and turnover at OAS.

AIMS contains 150 audits of ORT-type providers that opened up during or after 1993. Of the 150 ORT-type audits, 140 took place during ORT (i.e., opened during or after 1995) and 10 were conducted before ORT. Prior to the pilot test, OAS requested that 7 audits (2 pre-ORT and 5 ORT) be deleted from the sample, as these audits were at sensitive stages that precluded their being discussed with parties outside formal proceedings. Exhibit 8-1 shows the audit sample distribution by period, state, and provider type.

**Exhibit 8-1**
**Survey of Audits: Sample Distribution of Usable ORT-period Surveys by State and Subject Type**

| | Subject Type | | | | |
|---|---|---|---|---|---|
| **State** | **DME** | **HHA** | **SNF** | **Other** | **Total** |
| California | 3 | 6 | 10 | 2 | **21** |
| Florida | 1 | 10 | 21 | 3 | **35** |
| Illinois | 2 | 1 | 3 | 4 | **10** |
| New York | 7 | 12 | 6 | 6 | **31** |
| Texas | 1 | 2 | 2 | 2 | **7** |
| **Total Audits in Sample** | **14** | **31** | **42** | **17** | **104** |

Note: 2 usable pre-ORT surveys were returned: a Florida HHA and a Texas HHA.

Source: Abt Associates, 1997

Exhibit 8-2 shows the number and distribution of the audits we were ultimately able to use in our analysis. The response rate was extremely high (138 out of 143 surveys sent, or almost 97%), thanks largely to active follow-up efforts by OAS. The proportion of usable surveys (after deletions for canceled audits and other factors) was 74% of the total sent.

**Exhibit 8-2**
**Survey of Audits: Number of Surveys Sent and Received by Period**

| | Pre-ORT | ORT | Total |
|---|---|---|---|
| **Total Audit Surveys Sent [net of 7 audits deleted]** | 8 | 135 | 143 |
| **Not Received** | 0 | 5 | 5 |
| **Received** | 8 | 130 | 138 |
| **Not Usable**[1] | 6 | 26 | 32 |
| ***Usable (N)*** | ***2*** | ***104*** | ***106*** |
| **Usable Surveys as % of Surveys Sent** | 25% | 77% | 74% |

[1] Reasons include: canceled audit, related case pending with a grand jury, CIN is an administrative account, limited OAS involvement, pre-audit account

Source: Abt Associates, 1997

### 8.3.2 Survey Instrument

A copy of the survey instrument and cover letters are included in Attachment 1 to this appendix. The questionnaire was revised on several occasions— notably, after feedback from OAS in January 1997, and after the pilot test in April 1997. The survey form in Attachment 1 is the version that was distributed to auditors when we fielded the full survey.

The survey asks for a series of qualitative answers on certain key areas of interest in light of the ORT intervention. The survey questions in paraphrased form are as shown on Exhibit 8-3. As the exhibit suggests, we used the opportunity of this *audit-specific* survey to ask some *auditor-specific* questions.

To minimize burden, we limited the survey to 5 pages. Most questions were close-ended (i.e., required the respondent only to check a box). Where we were unable to propose check-box answers, we provided space for very brief, open-ended responses.

### 8.3.3 Pilot Test

After receiving feedback from OAS on our initial proposal for the audit survey, we revised the pilot version of the survey instrument and accompanying letters. In April 1997, ten pilot test survey packets were mailed directly to the associated lead auditors. Based on the responses we received on those test surveys, we revised the survey, by developing new check-box responses for several questions. These changes were designed principally to make it easier for auditors to complete the surveys and to reduce possible ambiguities in responses to certain questions.

### 8.3.4 Conduct of the Survey

After receiving further feedback from OAS, we established the following procedure for the survey. At the beginning of May 1997 we launched our field effort. Auditors for each audit received:

Exhibit 8-3
**Survey of Audits: Summary of Survey Questions**

| Question Type and Number | Question |
|---|---|
| **AUDIT-SPECIFIC QUESTIONS** | |
| 1 | What was the primary purpose of the audit (e.g., to identify questionable charges, target aberrant providers, etc.)? |
| 2 | What prompted the audit? |
| 3 | Were any special analyses, data runs, or other efforts undertaken to identify subjects? |
| 4 | Was the initiation of this audit unusual or atypical (e.g., in terms of the number of providers targeted, their location, the complexity of the scheme, or the complexity of the investigation itself)? |
| 5 | Was there anything else unusual about this audit? |
| 6 | With respect to identification of audit subjects, did you have any notable collaboration with federal, state, and other agencies? |
| 7 | With respect to development of the audit, did you have any notable collaboration with federal, state, and other agencies? |
| 8 | Did audit development require any unusual amount of resources (e.g., staff, travel, etc.)? |
| 9 | Was audit development limited by the shortage of any particular type of resource? |
| 10 | Approximately how much overnight travel did this audit require? |
| 11 | Relative to the typical pre-ORT audit, was there anything unusual about how this audit was conducted? |
| 12 | Is the audit complete? If not, is a final report likely to be issued? |
| 13 | Have certain important outcomes occurred (e.g., referral to other agencies (e.g., OI), recoupment, formal charges, etc.)? |
| 14 | Were any follow-up actions taken as a result of the audit (e.g., written policy recommendations, exploration to find others exhibiting a similar pattern of misbehavior, etc.)? |
| 15 | Did the audit result in the identification of questioned costs? How much? |
| 16 | How would this audit have been different under ORT? *or*<br>How would this audit have been different before ORT?[2] |
| INVESTIGATOR-SPECIFIC QUESTIONS | |
| 17 | What in ORT has worked well? |
| 18 | What in ORT has not worked well? |
| 19a. | What single part of ORT would you urge non-ORT regions to adopt? |
| 19b | What single part of ORT would you urge non-ORT regions not to adopt? |

Source: Abt Associates Survey of Audits, 1997.

- a letter of introduction from OAS,
- a letter of explanation from Abt Associates,
- a questionnaire with pre-printed audit information (Case Identification Number, state/region, subject type, year opened, status, period and audit manager), and

---

[2] Two versions of the questionnaire, pre and post, were created to facilitate asking two different versions of this hypothetical question.

- a pre-addressed, postage-paid return envelope.

We then tracked the survey responses over the weeks that followed. Weekly tracking reports were faxed to OAS, which followed up on surveys that had not yet been returned. Surveys were received up to June 30, 1997.

Because our audit sample is the universe of ORT-type audits found in AIMS, no substitute surveys were distributed to replace attrition. If the lead auditor associated with an audit was unavailable, or if the audit otherwise could not be surveyed, it was deleted from the sample. (The net results are shown on Exhibit 8-2 above.)

A Microsoft Access data entry system was developed for the purposes of entering survey data. Using a coding map, open-ended survey responses for the hypothetical and auditors' overall opinions on ORT were coded accordingly, and then entered into the database.

### 8.3.5 Confidentiality

The confidentiality of the survey of audits was a major concern to OAS and to individual auditors. For open audits in general – and for OI-assist audits in particular – it was important to ensure that our data collection and report did not create any problems for OAS's work. To that end, our audit survey report:

- Does not include multiple fields of any audit-specific survey responses, as might allow a reader to stitch together a series of features to infer the identity of an audit or group of audits.

- Uses *aggregates of audits* for its analyses, rather than identifying any specific aspect of any specific audit.

- Does not quote any audit-specific open-ended answers.

- Was reviewed by OAS Central Office before being circulated to others, to catch any possible, inadvertent disclosures.

These procedures were designed to ensure that no audit identities were revealed in our report. Even with these assurances, several surveys were returned incomplete, with notes attached indicating that the audits concerned sensitive matters that precluded the auditor from completing the survey. These audits were eliminated from our sample.

## 8.4 Audit-specific Survey Results

The following section presents our audit-specific survey results. For convenience, we proceed more or less consecutively through the survey questions, but have grouped clusters of questions together when they address the same or similar issues. Where the results by state or subject type[3] are notably interesting, they are presented.

---

[3] The five possible subject types were home health, durable medical equipment (DME), hospice, skilled nursing facilities (SNFs), and other.

### *1. The purpose of the audit (Question 1)*

Among other things, ORT represented an effort to reorient the purpose of OAS audits, from "program" audits to provider audits. The difference between the two types of audits is not just one of semantics, as the two types of audits are structured very differently. This difference is perhaps best understood in terms of the samples that are drawn for the two types of audits. In a program audit, the sample drawn involves at most a few claims from each of many providers, thus permitting auditors to draw inferences about the prevalence of conditions or behaviors in the program. By contrast, a provider audit involves multiple claims from a single or few providers, thus permitting auditors to draw inferences about the prevalence of practices by particular providers. This latter capacity is of obvious relevance to enforcement efforts.[4] ORT opted for doing more of the latter – and then using findings of questioned charges against a few providers (rather than program-level audits as such) to support discussions of program vulnerabilities. In that respect, ORT represented a more inductive approach to audit targeting and methods.

In addition, of course, ORT represented a change in the provider types being audited, toward greater emphasis on the ORT targets: home health agencies, DME providers, hospices, and skilled nursing facilities.

Post-ORT audits reflect the apparent influence of these objectives:

- Type of provider – Obviously, as noted in our discussion of ORT sampling issues (see above), the audits in the ORT period focused on types of providers that were rarely audited in pre-ORT period. There were 140 ORT-type (subject area/state) audits in the post-ORT universe, but only 10 ORT-type audits in the pre-ORT universe.

- Audit purpose – As shown on Exhibit 8-4, virtually all of the ORT-type audits were provider-specific: only 5% had the primary purpose of appraising the "policies, practices, and vulnerabilities of the Medicare program." Most of the audits surveyed were designed either to identify aberrant providers (34% of all post-ORT audits) or to identify questionable charges from specific providers (56%). A few of the audits (5%) were designed to assist an active investigation. This latter figure is almost surely an understatement, since audits of this type were especially vulnerable to being excluded from our analysis. Note that these results do not vary much by state: ORT audits in all five states are almost entirely provider specific (data not shown).

These results suggest that ORT did indeed represent a different audit approach for OAS auditors. We will expand on that result below.

---

[4] It should perhaps be emphasized that neither of these two approaches is necessarily superior to the other, *a priori*. The appropriate mix of efforts depends on a large complex of variables, concerning the character of provider infractions, the effectiveness of other enforcement processes, and so on. The important point for understanding ORT is that (among other things) ORT embodied an assumption that more provider-specific audits needed to be done.

**Exhibit 8-4**
**Survey of Auditors: Primary Purpose of ORT Audits**

| Response | % of Post-ORT Audits |
|---|---|
| Identify or target aberrant providers for audit and/or OI referral | 56% |
| Identify questionable charges from specific provider(s) for recoupment and other follow-up actions | 34% |
| Assist an active investigation | 5% |
| Appraise policies, practices, and vulnerabilities of the Medicare program | 5% |
| Other | 1% |
| No answer | 0% |
| **Total** | **100%**<br>**N = 104** |

[1] Total may not sum to 100% due to rounding

Source: Abt Associates, 1997

2. *Initiation of the audit 1: What prompted the audit and the use of collaboration in identifying audit subjects (Questions 2 and 6)*

ORT was designed – perhaps more than anything else – to be a partnership among agencies. One way we might see the effects of this would be in relatively high proportions of referrals from other agencies, such as HCFA and OI. At the same time, however, high rates of self-referral might indicate the successful effects of another ORT goal: to encourage data-driven efforts to target providers.

Our results are shown on Exhibit 8-5a. There are two messages in the exhibit:

**Exhibit 8-5a**
**Survey of Audits: Audit Target or Subject**

| Response | Percent of Post-ORT Audits |
|---|---|
| Self-initiated by OAS | 58% |
| Referral from HCFA | 23% |
| Referral from HCFA contractor | 6% |
| Referral from OAS in another region | 3% |
| Request from OI | 3% |
| Referral from MFCU or other state agency | 1% |
| Other | 7% |
| **Total** | **100%**<br>**N =104** |

Note: Percentages may not sum to 100% due to rounding.

Source: Abt Associates, 1997

- Self-referral – Most audits (58%)[5] are self-referred. This high percentage makes later questions in the survey (e.g., about collaboration in identifying subjects and data-driven methods) commensurately more interesting.

- HCFA – The percentage of HCFA referrals (23%) was surprisingly high to us, although these are almost all Florida audits (see below). An additional 6% of the ORT audits were referred by Medicare contractors.

- OI request – The percentage of OI-request audits (3%) was surprisingly low to us. Site visits to auditors in the field have emphasized the growing importance of OI-request audits; indeed, one of the major conclusions of our case studies is that ORT was important for bringing OAS and OI closer together, at a more timely point in enforcement actions (see Appendix 1). But our survey data do not suggest a very large quantity of such efforts. One possible explanation: a disproportionate share of OI-request audits were at sensitive stages, so OI-request audits were disproportionately deleted from our sample.

- Results by state – The results by state show somewhat more interesting variation. As shown on Exhibit 8-5b, three states had somewhat unusual audit referral patterns. First, and most interesting, 63% of the Florida ORT audits were referred by HCFA, far more than for any other ORT state (three ORT states had 0% , while California had 10%). Most of these are SNF audits (data not shown). Second, California has a much higher rate of contractor referrals than any other state (24%, compared to 3%, 0%, 0%, and 0% for the other four states). This result may be an indication of the effectiveness of Medicare contractors in California in partnering with California's ORT steering committee.[6] Most of these California audits are home health audits (data not shown). Finally, Illinois has a relatively high rate of "extramural OAS referrals" – i.e., referrals from other OAS offices. The figure is 0% for the other four ORT states, but 30% for Illinois. However, the N is so low on these Illinois audits (3) that not much should be read into this particular result.

Returning to the combined data, we also used a second approach to asking about collaboration in the initiation of the audit. In Question 6, we provided a long list of agencies and asked if there had been any notable collaboration with each of these agencies in the identification of audit subjects. The results are shown on Exhibit 8-6. That exhibit shows high proportions (50% - 60%) of the audits involved at least some collaboration with HCFA and Medicare contractors to identify audit subjects. (More will be said on this result below.) Over 23% of all audits involved some collaboration with OI. What is particularly

---

[5] The percentage increases to 61%, if OAS referrals from outside the region are included.

[6] For a review of one contractor's work with the California ORT committee, see the discussion of TransAmerica in Appendix 3.

**Exhibit 8-5b**
**Survey of Audits: Audit Target or Subject by State**

| | Percent of Post-ORT Audits | | | | | |
|---|---|---|---|---|---|---|
| **Response** | **California** | **Florida** | **Illinois** | **New York** | **Texas** | **Total** |
| Self-initiated by OAS | 57% | 29% | 60% | 84% | 86% | n/a |
| Referral from HCFA | 10% | 63% | 0% | 0% | 0% | n/a |
| Referral from HCFA contractor | 24% | 3% | 0% | 0% | 0% | n/a |
| Referral from OAS in another region | 0% | 0% | 30% | 0% | 0% | n/a |
| Request from OI | 10% | 3% | 0% | 0% | 0% | n/a |
| Referral from MFCU or other state agency | 0% | 0% | 0% | 3% | 0% | n/a |
| Other | 0% | 3% | 10% | 13% | 14% | n/a |
| **Total** | **100%** | **100%** | **100%** | **100%** | **100%** | n/a<br>N = 104 |

Note: Columns may not sum to 100% due to rounding. Rows do not sum to 100% since columns are not interdependent.

Source: Abt Associates, 1997

**Exhibit 8-6**
**Survey of Audits: Notable Collaboration in the Identification of Audit Subjects**

| **Response** | **Percent of Post-ORT Audits** |
|---|---|
| Medicare contractor | 59% |
| HCFA | 54% |
| OIG/OI | 23% |
| State survey/certification staff | 22% |
| OAS in another region | 8% |
| State Medicaid agency | 8% |
| OIG/OEI | 4% |
| FBI | 3% |
| U.S. Attorney's Office | 3% |
| Peer Review Organizations | 2% |
| Other State agencies | 2% |
| Other Federal agencies | 2% |
| Agency on Aging | 1% |
| Long-Term Care Ombudsmen | 1% |
| None | 17% |
| **Total** | n/a<br>N =104 |

Note: Respondents were encouraged to cite all aspects of notable collaboration, so rows are not mutually exclusive and percentages may not sum to 100%.

Source: Abt Associates, 1997

interesting is that almost the same proportion of all audits (22%) involved collaboration with state survey and certification staffs. This result comports well with our site visit information and underscores how productive this particular federal-state linkage was. It is also a result that is fairly attributed entirely to ORT, since – by all the evidence available to us – the linkage of OIG auditors with state survey and certification staffs is without precedent before ORT.

### *3. Initiation of the audit 2: The use of special analyses or data runs to identify audit subjects (Question 3)*

The hope for ORT-type audits was that the targeting of the audits would be more data-driven than in the past. We cannot speak to the change from the past; but it is clear from Exhibit 8-7 that virtually all ORT audits (89%) involved special data-based efforts to identify subjects. It is worth noting that virtually all ORT states (except California) and subject types (except home health) have the same response (over 90% "yes") to this question (data not shown).

**Exhibit 8-7**
**Survey of Audits: Use of Special Analyses, Data Runs, and Other Special Efforts to Identify Audit Subjects**

| Response | Percent of Post-ORT Audits |
|---|---|
| Special efforts undertaken | 89% |
| No special efforts | 11% |
| **Total** | **100%**<br>**N =104** |

Source: Abt Associates, 1997

### *4. Initiation of the audit 3: Something unusual about the initiation of the audit, compared to pre-ORT audits (Question 4)*

This is one of the few questions in the survey that asked auditors to compare the audit before them to a pre-ORT audit. Auditors found something unusual in 77% of the audits. As shown in Exhibit 8-8, the most common unusual attribute was multiplicity of providers (49% of all audits), followed by location of

**Exhibit 8-8**
**Survey of Audits: Unusual Initiation in Comparison to Pre-ORT Audits?**

| Response | Percent of Post-ORT Audits |
|---|---|
| Number of targeted providers unusual | 49% |
| Location of targeted providers unusual | 13% |
| Complexity of suspected scheme, abuse, or infraction unusual | 13% |
| Complexity of audit unusual | 8% |
| Other characteristics unusual | 28% |
| Nothing unusual | 20% |
| No answer | 2% |
| **Total** | **n/a**<br>**N =104** |

Note: Respondents were encouraged to cite all the ways in which the audit was unusual, so rows are not mutually exclusive and percentages sum to more than 100%.
Source: Abt Associates, 1997

the provider and complexity of the audit scheme (13% each), and last by the complexity of the audit itself. One-quarter of the audits found "other" unusual characteristics in the audits.

### *5. Anything else unusual about this audit.(Question 5)*

Two-thirds of respondents found something else unusual about the audits in question (Exhibit 8-9). These other unusual features ran across a wide spectrum, including the character of the subject, the use of state survey and certification staff, and others.

**Exhibit 8-9**
**Survey of Audits: Anything Else Unusual about This Audit?**

| Response | Percent of Post-ORT Audits |
|---|---|
| Yes | 66% |
| No | 26% |
| No answer | 8% |
| **Total** | **100%**<br>**N =104** |

Note: Total may not sum to 100% due to rounding.

Source: Abt Associates, 1997

### *6. Development of the audit 1: Collaboration (Question 7)*

By comparison to what we found for the initiation of audits, our results for the development of audits give heightened importance to one particular collaborator: the Medicare contractor. As shown in Exhibit 8-10, the Medicare contractor played a collaborative role in audit development in almost 60% of the audits, followed by HCFA itself in just over 47% of the audits. The most notable other collaborators were state government staffs: survey/certification staffs (15% of audits) and Medicaid agency staff (13%). OI was involved in 11% of the audits (again, a percentage that is likely artificially low, due to the disproportionate exclusion of OI-assist audits). One interesting vestigial collaborator is state Peer Review Organizations (PROs), which provide medical review expertise for audits (as they do for cases – see Appendix 7). In site visits, auditors mentioned that one particularly useful result of ORT was the ready availability of PRO medical reviewers to collaborate with auditors in the early stages and execution of audits. In 4% of the audits surveyed, state PRO staffs played a notable collaborative role.

To give some context to these comments on collaboration-in-development (as well as the comments on collaboration-in-initiation in Question 6 above), consider the answer to Question 16 below: how would the audit have been different before ORT? Respondents answered that, in over one-third of the audits (35%), the collaboration would not have taken place. This figure provides a rough lower bound on the *incremental effects* that ORT brought to audit processes.

**Exhibit 8-10**
**Survey of Audits: Notable Collaboration in Audit Development**

| Response | Percent of Post-ORT Audits |
|---|---|
| Medicare contractor | 58% |
| HCFA | 47% |
| State survey/certification staff | 15% |
| State Medicaid agency | 13% |
| OIG/OI | 11% |
| OAS in another region | 10% |
| U.S. Attorney's Office | 5% |
| Peer Review Organizations | 4% |
| Other State agencies | 3% |
| Other | 3% |
| MFCUs | 1% |
| Other Federal agencies | 1% |
| FBI | 1% |
| OIG/OEI | 0% |
| Agency on Aging/Long Term Care Ombudsmen | 0% |
| | |
| None | 13% |
| No answer | 3% |
| **Total** | **n/a**<br>**N =104** |

Note: Respondents were encouraged to cite all aspects of notable collaboration, so rows are not mutually exclusive and percentages sum to more than 100%.

Source: Abt Associates, 1997

### *7. Development of the audit 2: Resources (Questions 8, 9 and 10)*

When asked if the audits involved any unusual resource demands, there were four principal resources identified (Exhibit 8-11):

- Computer resources – One-half of all ORT-era audits were judged to have required unusual amounts of computer resources. This result is consistent with the clear indications of data-driven audits provided by other survey questions (e.g., see our discussion of answers to Question 3 [the use of special analyses and data runs], and Questions 6 and 7 [concerning collaboration with (data rich) partners, such as the Medicare contractors]). Its importance here is that it suggests a thrust in audits in keeping with the ambitions of ORT: ORT resources were designed in part to "lower the price of data," so that data would be more consistently used. While we have no pre-ORT or comparison data to calibrate this answer, unusual computer resources on half of all audits suggests relatively consistent use.

**Exhibit 8-11**

**Survey of Audits: Unusual Resources Required for Audit Development**

| Response | Percent of Post-ORT Audits |
|---|---|
| Computer resources | 49% |
| Travel resources | 42% |
| Medical review | 38% |
| Staff time | 35% |
| Communication costs | 2% |
| Other | 2% |
| None of the above | 26% |
| No answer | 4% |
| **Total** | **n/a**<br>**N =104** |

Note: Respondents were encouraged to cite all aspects of unusual resource use, so rows are not mutually exclusive and percentages may not sum to 100%.

Source: Abt Associates, 1997

- Travel – Auditors claim 42% of all ORT-era audits used unusual amounts of travel. How much travel? Exhibit 8-12 provides an indication (for all audits, not just for the 42% with unusual amounts of travel): 60% of all ORT-era audits used "some" travel (defined in the survey as under 20 overnight days), while 22% used a "lot" of travel (defined as 20 or more overnight days of travel). On site visits, auditors emphasized the value of travel funds. These survey answers suggest how frequently it was needed.

  It is interesting to note the contrast to the answers for post-ORT cases :

  – 84% of the cases required no overnight travel, compared to only 16% of the audits.

**Exhibit 8-12**

**Survey of Audits: Amount of Overnight Travel Required by the Audit**

| Response | Percent of Post-ORT Audits |
|---|---|
| A lot (defined as 20 days or more) | 22% |
| Some (less than 20 days) | 60% |
| None | 16% |
| No answer | 2% |
| **Total** | **100%**<br>**N =104** |

Note: Total may not sum to 100% due to rounding.

Source: Abt Associates, 1997

  – 14% of the cases required some overnight travel, compared to 60% of the audits.

– None of the cases required a lot of overnight travel, compared to 22% of the audits.

It is thus clear from this survey data that the ORT partner that most uses the added travel resources of ORT is OAS.[7] It is worth noting that New York and Texas had the most audits with some travel (both at 71% of their state total), while Illinois had the least (20%, although Illinois did have a relatively high proportion of audits with a lot of travel – 40%; data not shown).

- Medical review – One of the more striking results shown on Exhibit 8-11 is that unusual medical review resources were consumed in nearly 40% of all audits. This prevalence estimate echoes the comments in site reviews, about the greater use in audits of medical and clinical staffs from PROs, Medicare contractors, HCFA, and others. Under ORT, these staffs were said in interviews to be an integral part of the planning and execution of many audits, rather than as an add-on or sequel to a standard audit. Our survey supports that claim.

- Staff time – One-third of all ORT audits were said to have used unusual amounts of staff time. ORT did not give OAS nearly as many additional auditors as it gave OI investigators: OAS got 2 auditors, compared to the 24 new investigators for OI. But the staff that were added (and the reorientation of experienced staff[8]) represented an expansion of the staff pool for performing these audits. It appears that one-third of the audits benefitted.

Overall, these answers for audits suggest that ORT's liberalization of resources was important to OAS. We cannot be very rigorous in calibrating these results, since we do not know what proportion of audits used unusual amounts of staff time before or outside of ORT. But there is in these answers a more consistent citation of unusual resource needs in audits than in investigations (see Appendix 6). There is also a slightly lesser claim of resource limits constraining enforcement: where case development was said to be limited by resource shortages in 27% of all ORT cases, that was true in only 22% of all audits (data not shown).

### 8. Development of the audit 3: Unusual audit techniques (Question 11)

The survey responses described to this point suggest that audits under ORT have had an unusual focus, used unusual amounts of resources, and embodied frequent use of data-driven methods. Not surprisingly, then, in Question 11 auditors found that ORT audits were conducted in an unusual way in 80% of the audits (Exhibit 8-13).[9] Almost three-quarters of all audits were said to have employed "an unusual approach"; an overlapping one-quarter were said to have employed a "notably sophisticated technique." The 15% who checked "other" noted a variety of different things. While these terms are of course imprecise, they reinforce the view that is suggested by answers to earlier questions: ORT audits were different in some important ways from pre-ORT audits, in that they embodied approaches and techniques uncommon before the ORT intervention.

---

[7] One caution is in order in this conclusion. It is of course possible for the lesser OI travel in fact to be more *valuable* at the margin, even if audits consume more travel on average.

[8] See the discussion of the diversion of audit effort toward ORT audits, in Appendix 6.

[9] Consider the contrasting figure for cases: investigators thought that there were unusual investigative techniques in only 11% of cases. See answers to Question 9 of the Survey of Cases, in Appendix 7.

**Exhibit 8-13**
**Survey of Audits: Unusual Conduct of Audit, Compared to Pre-ORT Audit**

| **Response** | **Percent of Post-ORT Audits** |
|---|---|
| Notably sophisticated technique | 27% |
| Unusual audit approach | 73% |
| Other unusual features | 14% |
| | |
| Nothing unusual | 17% |
| Not applicable/no answer | 3% |
| **Total** | **n/a**<br>**N =104** |

Note: Respondents were encouraged to cite all aspects of unusual audit conduct, so rows are not mutually exclusive and percentages sum to more than 100%.

Source: Abt Associates, 1997

State-specific data show an interesting set of results on this question (data not shown). Two results should be noted in particular. First, in Florida, almost 90% of the audits were thought to have used unusual audit approaches. Second, in New York, auditors thought that unusual techniques were employed in over 60% of the audits. This latter result perhaps reflects what was suggested to us in our site visits to New York: that OAS there had changed its technique to employ more "short-form" audit methods to permit quicker identification of likely malefactors.

### *9. Development of the audit 4: Is the audit is complete, and (if not) is an audit report is likely to be issued? (Question 12)*

The audits were complete in 43% of the sampled audits; 26% of the incomplete audits were said to be likely to result in an audit report (data not shown).

### *10. Audit outcomes to date (Questions 13 and 15)*

The outcomes of the ORT audits to date are summarized in Exhibit 8-14. Of the total, 31% led to recoupment actions, 21% to referrals of some kind (e.g., to OI), and 15% led to other outcomes.[10] Only 30% led to none of the potential positive outcomes listed . With the passage of time, that 30% figure is almost sure to decline for audits as a whole, since: 1) 57% of the audits are not complete (see discussion of Question 12 above); and 2) some of the more successful audits are disproportionately excluded from the sample, for reasons of confidentiality.[11]

---

[10] Note that these items are not mutually exclusive.

[11] In other words, when the results of these latter audits are added back in, the proportion of audits without a successful result will tend to decline.

**Exhibit 8-14**
**Survey of Audits: Significant Audit Outcomes**

| Response | Percent of Post-ORT Audits |
|---|---|
| Recoupment | 31% |
| Referral to OIG/OI | 21% |
| Other outcomes | 15% |
| Exclusion | 3% |
| Formal Civil or Criminal Charges | 4% |
| Referral to the FBI | 2% |
| Identification of other providers to be audited | 2% |
| | |
| None of these outcomes | 28% |
| Don't know/no answer | 11% |
| **Total** | **n/a**<br>**N =104** |

Note: Respondents were encouraged to cite all significant outcomes, so rows are not mutually exclusive and sum of percentages may not equal 100%.

Source: Abt Associates, 1997

By state (data not shown), the dispersion in outcomes was fairly wide. The proportion of audits with some kind of positive outcome ranged from 81% in New York, to roughly 60% for three states (Florida, Illinois, and Texas), and 38% for California (data not shown). By subject type (data not shown), DME cases had the highest rate of positive outcomes (79%), followed by SNF cases (69%), hospice cases (57%), and home health and other (approximately 50% each).

Another measure of outcomes to date is provided by answers to Question 15, which asks whether the audit resulted in the identification of questioned costs, and how much. Exhibit 8-15 summarizes the results.

**Exhibit 8-15**
**Survey of Audits: Distribution of Questioned Costs by Audit**

| Number (Percent) of Audits | Range of Identified Costs | Total for All Audits in the Range | Average per Audit in the Range |
|---|---|---|---|
| 44 (42%) | $ 0 | $ 0 | $ 0 |
| 26 (25%) | $ 0 to $250,000 | $ 2.6 million | $ 0.1 million |
| 10 (10%) | $250,001 to $500,000 | $ 3.5 million | $ 0.3 million |
| 6 (6%) | $500,001 to $1,000,000 | $ 5.6 million | $ 0.9 million |
| 17 (17%) | $1,000,000 to $100,000,000 | $ 158.6 million | $ 9.3 million |
| **103 (99%)[1]** | **$ 0 to $100,000,000** | **$ 170.2 million[1]** | **$ 1.7 million** |

[1] Note that one audit with particularly large questioned costs has been omitted, to avoid isolating the costs it has identified.

Source: Abt Associates Survey of Audits, 1997.

Obviously, even with an outlier audit excluded, 60 audits (58% of all audits) have identified over $170 million in questioned costs. These amounts will increase as additional ORT audits mature. Many audits (42% of the total) identify no questioned costs, and a similar proportion (41%) identify relatively small amounts of questioned costs. The balance of audits (a little under one-fifth of the total) account for over 90% of all identified questionable costs.

The fact that there is a portfolio of results – some large, some not so large; some audits leading to referrals or recoupments, some not – is hardly surprising. It is probably true that an audit process that did not have a range of results in these various respects would not be taking many chances or exploring important possibilities (e.g., small probabilities of large problems). We are not in a position to judge the distribution of results – it would perhaps be more interesting to know the time trend on results such as these (e.g., over time, does OAS get better at targeting malefactors, using its more intensive data capabilities?). But it is at least fair to say that – in the ORT subject areas and states – these results are almost entirely incremental, since OAS basically did not do audits like these in the past. It is probably also true that results such as those shown in Exhibits 8-14 and 8-15 are the reason for one of the important findings of our process analyses (see Appendixes 1and 2): collaborators as diverse as OI, HCFA, and Assistant U.S. Attorneys suggested that *one of the larger surprises of ORT was the value of working with auditors.*

### *10. Audit follow-up to date (Question 14)*

Another area where ORT sought to improve on traditional practices was in the follow-up to audit efforts. In the past, it was thought, people working in these enforcement processes almost always failed to follow-up on the implications of their work in a proactive way. Thus, discovery of one provider engaging in a particular pattern of fraud did not typically lead to: 1) an active search to find other providers engaged in the same type of abuse, or 2) preventive efforts (e.g., contacting HCFA or Medicare contractors to discuss the need for policy changes, in light of the discovered abuse). In critical ways, the process failed *to learn.*

ORT involved at least a rhetorical commitment to changing that pattern. Our survey results do not identify changes as such. But we can characterize the activities in individual audits. As shown on Exhibit 8-16a:

- Particular audits led to subsequent "audits of similar providers" in 49% of the audits.
- Auditors met with Medicare contractors or made written recommendations to change some aspect of contractor operations as a follow-up to 28% of the audits.
- Meetings with someone outside OIG were held in 19% of the audits, and *written* recommendations were submitted in 18% of the audits.
- There was no follow-up in 21% of the audits.[12]

These figures may represent a lot or a little of the kind of follow-up that ORT is seeking. It would be useful to know the pre- or non-ORT norm against which to compare these results. It would also be useful to know how these figures change over time. But these figures do seem substantial, especially if we allow for the fact that: 1) over half of the audits are not yet complete (see above), 2) our sample is biased to

---

[12] Note that the follow-up categories are not mutually exclusive, so the percentages do not add to 100%.

**Exhibit 8-16a**

**Survey of Audits: Did the Respondent Take Any Follow-up Actions?**

| Response | Percent of Post-ORT Audits |
|---|---|
| Commenced audits of similar providers | 49% |
| Met with a Medicare contractor or made written recommendations to change some aspect of contractor operations | 28% |
| Met with an agency outside OIG | 19% |
| Submitted written recommendations for policy changes | 18% |
| Other follow-up | 12% |
| | |
| No follow-up | 21% |
| No answer | 2% |
| **Total** | **n/a**<br>**N =104** |

Note: Respondents were encouraged to cite all follow-up they had taken, so rows are not mutually exclusive and percentages sum to more than 100%.

Source: Abt Associates, 1997

exclude some particularly productive audits, and 3) of necessity, many audits are "dry holes" (we do not have an exact figure) and are unlikely to lead to follow-up, even in the best of worlds.

By state, there are significant variations in follow-up frequency. As shown on Exhibit 8-16b, follow-up audits of similar providers were claimed in 77% of the Florida audits, but only 14% of Texas audits and 20% of Illinois audits. Follow-up policy recommendations were submitted in only 9% of the Florida audits and 10% of the Illinois audits, but in the neighborhood of 40% of all California and Texas audits.

Overall, California and Illinois had no follow-up in approximately 40% of the audits, Florida and New York each had follow-up in approximately 15% of their audits, while Texas recorded follow-up in all of its audits.

### *11. The hypothetical: how would ORT audits have been different if it they had occurred before ORT? (Question 16)*

The final audit-specific question we asked was an attempt in a very approximate way to use each audit as its own control. Specifically, for each post-ORT audit, we asked how the audit would have been different before ORT. The question was open-ended – answers were not prompted by check boxes or other means. The results are shown on Exhibit 8-17.[13]

---

[13] Note that no difference was inferred when respondents gave the following survey answers: some form of "there would be no change," some form of "don't know," and no answer.

**Exhibit 8-16b**

**Survey of Audits: Audit Target or Subject by State**

| | Percent of Post-ORT Audits | | | | | |
|---|---|---|---|---|---|---|
| **Response** | **California** | **Florida** | **Illinois** | **New York** | **Texas** | **Total** |
| Commenced audits of similar providers | 38% | 77% | 20% | 42% | 14% | n/a |
| Met with a Medicare contractor or made written recommendations to change some aspect of contractor operations | 48% | 20% | 30% | 23% | 29% | n/a |
| Met with an agency outside OIG | 5% | 29% | 0% | 16% | 57% | n/a |
| Submitted written recommendations for policy changes | 38% | 9% | 10% | 13% | 43% | n/a |
| Other follow-up | 5% | 3% | 10% | 26% | 14% | n/a |
| | | | | | | n/a |
| No follow-up | 38% | 14% | 40% | 16% | 0% | n/a |
| No answer | 0% | 0% | 0% | 6% | 0% | n/a |
| **Total** | n/a | n/a | n/a | n/a | n/a | n/a<br>N =104 |

Note: Rows do not sum to 100%. Columns do not sum to 100% because more than one kind of follow-up could be pursued on each audit.

Source: Abt Associates, 1997

**Exhibit 8-17**

**Survey of Audits: How Would the Post-ORT Audit Have Been Different If It Were Pre-ORT?**

| **Response** | **Percent of Post-ORT Audits** |
|---|---|
| Different audit focus | 47% |
| Collaboration in some form | 35% |
| Audit would not have been done before ORT | 21% |
| Data-driven methods for identifying subject | 16% |
| Resources – Travel | 11% |
| More active follow-up under ORT | 8% |
| More unusual methods of audit development under ORT | 7% |
| Resources – Other | 7% |
| Resources – Staff | 6% |
| Other aspects of identification different under ORT | 3% |
| Management commitment | 3% |
| | |
| No pre/post differences | 14% |
| No answer | 6% |
| **Total** | n/a<br>N =103 |

Note: Respondents were given open-ended opportunity to respond, so some mentioned multiple differences. As a result, rows are not mutually exclusive and percentages do not sum to 100%. Note also one survey was excluded, due to a statement that this was a pre-ORT audit – a statement that makes it impossible to determine the meaning of answers about how the audit then differed from a pre-ORT audit.

Source: Abt Associates, 1997

- Before ORT, this audit would have had a different focus [would not have been provider specific, or focused on one state] – For almost one-half of all audits (47%), respondents suggested that the audits would have had a different focus before ORT. Pre-ORT audits tended to be based on multi-state, multi-provider samples, with a program focus rather than a provider focus, unlike audits in the ORT period.

- Wouldn't have done this audit before ORT – In a similar vein, respondents for 21% of the audits suggested – more or less without elaboration – that the audit simply would not have been done before ORT. This judgment could be another form of the "different focus" claim, but it could also be referring to the subject-type focus of ORT (DME, home health, and nursing home) or even the resources of ORT.

- Before ORT, we would not have had collaboration – As noted earlier (see discussion of Questions 6 and 7), ORT audits involved collaboration in initiation over 80% of the time and in development over 80% of the time. From a different angle – when asked in this question how the ORT audit before them would have been different before ORT – respondents claim that the collaboration that took place in fact would not have taken place in 35% of the cases. As noted earlier (see discussion of Question 7), this figure constitutes a rough lower bound on the estimated incremental effects of ORT on collaboration in ORT-type audits.

- Audit wouldn't have been data-driven before ORT: In a variety of different ways, respondents suggested that audit methods would have been different in that they would not have been so data-driven. This suggestion was made for 16% of all audits.

- Travel resources wouldn't have been available before ORT – Similarly, respondents suggested that travel resources would not have been available in 11% of the audits.

- The audit wouldn't have been different before ORT – One in seven ORT audits were thought to have been little different from a typical pre-ORT audit.

These observations provide a revealing summary appraisal of ORT and OAS, an appraisal that is consistent with the answers to other questions we have addressed. In these views, ORT represents a change in:

- approach, toward more provider-specific audits,

- process, toward more collaboration,

- techniques, toward more data-driven methods, and

- resources, toward more needed funding, particularly in travel.

This overview of how the audits would have been different is a reasonable overview of what ORT tried to accomplish.

It is interesting to note the contrast to the results for the survey of cases (Appendix 7). For investigators, the big difference ORT made was in collaboration and resources. The implication is that OI investigators saw ORT as a ramping up of slightly changed enforcement methods, while OAS auditors saw ORT as more of an innovation in technique and approach. That result comports more or less exactly with the findings of our process analyses (Appendix 1).

## 8.5 Auditor-specific Survey Results

A final way in which we sought to use auditors' opinions to understand ORT was to piggy-back *auditor*-specific questions on our *audit*-specific survey. Specifically, in order to gain a better understanding of auditors' overall opinions of ORT, we asked the auditors to look beyond the audit at hand and to elaborate on their views of ORT. We had interviewed OAS auditors during site visits but wanted to confirm, through a confidential questionnaire, their opinions.

### 8.5.1 Nature of the Questions

As noted in Exhibit 8-3 above, we posed four questions to auditors: what has worked well in ORT, what has not, and what parts of ORT should and should not be adopted. Answers were un-prompted (there were no check boxes). Ample space was provided so that auditors could respond freely. Their open-ended responses were then coded into a pre-developed coding scheme. These subjective appraisals of ORT give us some insight into how field personnel view ORT.

### 8.5.2 Sample

While we received 106 usable audit surveys (2 pre-ORT and 104 post-ORT), opinion questions are auditor-specific, not audit-specific. Thus, survey instructions directed auditors to answer the overall opinion questions only once, so as not to duplicate answers. Where individual auditors inadvertently completed this section more than once (i.e., when the questions were answered on more than one survey by what clearly was one auditor), responses were entered only once. However, while our instructions were specific and our review of responses careful, we cannot be sure that we avoided all duplicates. For that reason, the results of the auditor-specific questions should be viewed as approximations only.

The N for each question is based on the number of different auditors that responded to that question, not the number of surveys received. Exhibit 8-18 summarizes the N by question.

**Exhibit 8-18**
**Survey of Auditors: Number Who Responded to Opinion Questions**

| Question | | N |
|---|---|---|
| 17. | What in ORT has worked well? | 21 |
| 18. | What in ORT has not worked well? | 16 |
| 19a. | What single part of ORT would you urge non-ORT regions to adopt? | 18 |
| 19b. | What single part of ORT would you urge non-ORT regions not to adopt? | 10 |

Source: Abt Associates, 1997

### 8.5.3 Auditors' Responses

#### *What in ORT has worked well? (Question 17)*

As shown on Exhibit 8-19, 81% of respondents to this question report that the success of ORT can be attributed to partnerships, both among ORT agencies and with non-ORT agencies. According to the auditors, collaboration increased efficiency in audit and enforcement processes. A variety of different forms of collaboration were mentioned, including cross-region partnerships and increased communication and meetings with OI, OIG, HCFA, the Medicare contractors. Sharing information with other OAS regions was said to reduce duplicate efforts and streamline targeting initiatives. HCFA's provision of medical assistance and reviews of Medicare cost reports were mentioned explicitly as appreciated collaboration efforts.

According to the auditors, the commitment of added resources played the second most important role in making ORT work well. To differentiate among different types of resources, we coded responses mentioning resources into "travel," "staff," or "other" resources, depending upon how the comment was worded. Nearly 24% of the auditors pointed to travel funds as one of the reasons ORT worked well. Without the travel-designated monies, auditors claimed, audits might have been delayed or might not have been performed at all. Travel funds were also said to have increased the likelihood of cross-region collaboration. When elaborating on other helpful resources, auditors mentioned computers and equipment, along with office space and funds in general. Added staff were infrequently mentioned, but then OAS received only a small infusion of staff under ORT. As seen in Exhibit 8-19, top management commitment and ORT's change in focus to provider-specific targeting were also mentioned by auditors as positive attributes of ORT.

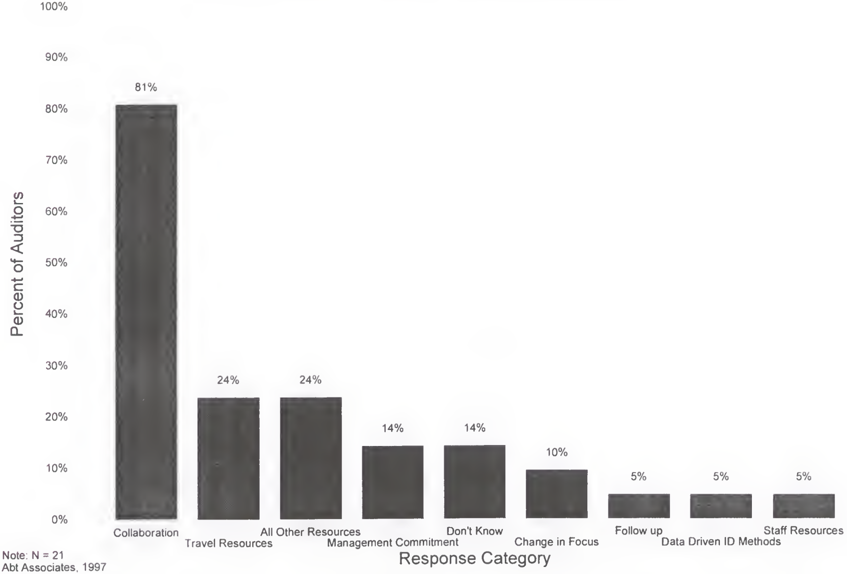
#### *What in ORT has not worked well? (Question 18)*

Exhibit 8-20 shows what auditors felt had not worked well in ORT. While most auditors believe the partnership model was a major accomplishment of ORT, there is apparently room for improvement. Of the 16 auditors responding to this question, 31% suggested that more steps were needed to improve cooperation and collaboration among the various partners. The collaboration problems mentioned were diverse: one auditor thought cooperation with OI needed improvement; a second auditor said that collaboration with OI as the lead organization had not worked well; a third auditor noted that OAS/HCFA collaboration had actually delayed some audits; another auditor suggested that coordination with HCFA Regional Offices tended to delay audit results; and a final auditor said the Department of Justice was not cooperative in pursuing referrals. Thus, while one-third of auditors see room for improvement in collaboration, no single area of collaboration was identified as the problem.

Some of these comments could perhaps be explained by auditors' references to the intrinsic or "structural" problems associated with enforcement processes (25% of the auditors noted such problems). ORT cannot repeal the constitutional and other protections suspect providers enjoy, and ORT did not change the (at times frustratingly complex) division of labor among different organizations in the enforcement process. But ORT efforts can surely be complicated by such limits, and one-quarter of all auditors noted that frustration.

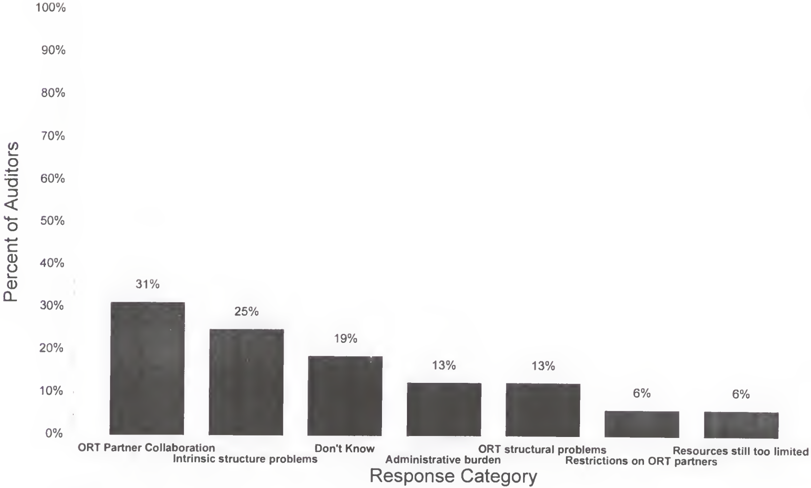
A number of auditors noted problems with ORT administrative overhead and procedures. Specifically, some auditors objected to such things as the frequency of meetings, the level of monitoring and reporting

## Exhibit 8-19. Survey of Auditors:
## What in ORT Has Worked Well?



Note: N = 21
Source: Abt Associates, 1997

## Exhibit 8-20. Survey of Auditors:
## What in ORT Has Not Worked Well?



Note: N = 16
Source: Abt Associates, 1997

requirements, the difficulties of separating ORT and non-ORT budgets, and the restriction of ORT funds to ORT-type jobs.

### *What single part of ORT would you urge non-ORT regions to adopt? (Question 19a)*

Not surprisingly, auditors' recommendations to other regions were similar to auditors' judgments of what worked well in ORT. Collaboration was viewed as the chief benefit of ORT that non-ORT regions should adopt. As depicted in Exhibit 8-21, 78% of the 18 auditors who responded to this question believed partnerships were the key to the success of ORT-style endeavors. Without the partnership model, it was said, agencies and contractors would not be sharing ideas, expertise, resources, and information . Joint reviews, teaming with state licensing and certification boards, and cross-region coordination were mentioned by auditors as being important parts of ORT for new regions to replicate.

Other aspects of ORT mentioned by auditors included travel funds, the commitment of high-level management, change in focus to provider-specific audits, and the adoption of more data-driven methods. These responses are consistent with our audit-based results.

### *What single part of ORT would you urge non-ORT regions not to adopt? (Question 19b)*

We received fewer responses to this question (10) than to the other auditor-specific questions we asked. This reduction in responses could be a product of many different factors:

- The "last question" effect – When a respondent has completed numerous surveys, the last question tends to receive less attention.
- Relatively few negative opinions of ORT – Many auditors may believe that there is no part of ORT that was so ill advised that it should not be tried in other regions. As a result, these auditors may simply have deliberately skipped the question.

The responses presented in Exhibit 8-22 tend to confirm the latter possibility. While 10 auditors answered the question, two auditors believed that there was no part of ORT that should be overlooked in expansion to another region. Similarly, two auditors claimed that they knew of no aspects of ORT that should not be adopted by non-ORT regions. (These were not the same auditors who answered that no part of ORT should be overlooked.) These results suggest that four of the ten auditors responding believed that most parts of ORT worked well enough to warrant replication in non-ORT regions.

Of the six auditors who had reservations about replicating parts of ORT, three suggested that the ORT partnership/collaboration approach should not be adopted. For example, one auditor said that "partnerships did not work" and instead managers should strive for "cooperative relationships." Another auditor said that there was too much "dependence on OI," but did not detail how this was a drawback.

One auditor thought that there was excessive administrative time involved with obtaining and verifying data.[14] Separation of resources among ORT and non-ORT monies were also mentioned as being annoying processes of ORT. Of course, this latter problem is common in demonstrations – indeed, segregation of

---

[14] Perhaps the problem with data collection/verification was a reflection of resource limitations – i.e., if staff or other resources were critically limited at OAS or at the agency providing the data, data collection and verification could be frustrating.

## Exhibit 8-21
## Survey of Auditors: What single part of ORT should be adopted by non-ORT regions?

| Response Category | N[1] | % of Auditors Who Responded |
|---|---|---|
| Collaboration in some form | 14 | 78% |
| Travel funds | 2 | 11% |
| Management commitment | 2 | 11% |
| Different audit focus | 2 | 11% |
| Don't know | 2 | 11% |
| Other | 2 | 11% |
| Data-driven methods for identifying subject | 1 | 6% |
| More unusual methods of audit development under ORT | 1 | 6% |
| Other Resources | 1 | 6% |

**Total Auditors who responded: 18**

[1] Though the question asks the respondent what *single* part of ORT should be adopted by non-ORT regions, some auditors listed more than one aspect. Therefore, the number of auditors responding (18) does not equal the number of responses (27).

Source: Abt Associates, 1997

## Exhibit 8-22
## Survey of Auditors: What single part of ORT should *not* be adopted by non-ORT regions?

| Response Category | N[1] | % of Auditors Who Responded |
|---|---|---|
| ORT partner collaboration | 3 | 30% |
| Nothing | 2 | 20% |
| Unknown | 2 | 20% |
| Resources still too limited | 1 | 10% |
| Excessive administrative duties | 1 | 10% |
| ORT structure restrictive | 1 | 10% |
| Other | 1 | 10% |

**Total Auditors who responded: 10**

[1] Though the question asks the respondent what *single* part of ORT should not be adopted by non-ORT regions, some auditors listed more than one aspect. Therefore, the number of auditors responding (10) does not equal the number of responses (11).

Source: Abt Associates, 1997

funds is commonly a price of doing a demonstration – but there probably is not much long-run significance to the difficulty.

## Summary of the Auditor-Specific Comments

Clearly, when they speak about ORT overall, auditors see collaboration and resources as the greatest benefits of the initiative. In reviewing auditors' responses, collaboration has lead to some collaboration among OI, OAS, HCFA, OGC, FIs and state agencies, and to such practices as joint reviews with DMERCs, OAS assistance with OI cases, task force reviews with DoJ and the FBI, PRO support for medical review, and cross-region teamwork. Meanwhile, increased funding under ORT has allowed for increased travel funds, data assistance, and other needed functions.

Turning the question around, of the 21 auditors who expressed their views on ORT, only about half had complaints about ORT. Overall, these complaints of ORT were fairly minimal and do not offer much instruction on how to improve ORT. Auditors believe that there is room for improvement in the area of collaboration and that resources are still limited, but there in fact may be a difference of opinion among auditors on how this should be accomplished.

# Attachments

DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of Inspector General

Washington, D.C. 20201

May 1, 1997

[Auditor Address]

*RE: OPERATION RESTORE TRUST: Abt Associates' Survey of OAS Audits*

Dear [Auditor]:

Abt Associates is under contract with the Health Care Financing Administration (HCFA) to evaluate Operation Restore Trust (ORT). As part of that evaluation, Abt would like to explore the effects of ORT on a sample of pre- and post-ORT audits, in order to estimate how ORT has affected OAS audit activities. This systematic data collection will provide qualitative information about specific audits — information not supplied by our Audit Information Management System (AIMS) or discussed during interviews you may have had with Abt staff over the past year. This information will permit Abt to provide a richer, better documented picture of all you have done under Operation Restore Trust.

The enclosed instrument — *Survey of a Sample of OAS Audits: Interview Questions* — poses key questions about the details of a specific audit in which you played a key role. Instructions for completing the survey are contained in the instrument and accompanying letter from Abt.

We encourage you to complete the questionnaire within the next week. The survey is confidential: it should be returned directly to Abt Associates. We will not be reviewing the individual survey responses.

If you have any questions, please contact John Hapchuk, Director of Programs and Operations Audits, at (202) 205-9112. Questions about the survey instrument should be directed to Ms. Selene Angier, Survey Director at Abt Associates, at (800) 265-9591.

We appreciate your attention to this very important matter. With your cooperation, we will provide Abt with the information it needs to document our important accomplishments under ORT.

Sincerely,

Thomas D. Roslewicz

Thomas D. Roslewicz
Deputy Inspector General

cc: John Hapchuk, OAS

Abt

Abt Associates Inc.

May 1, 1997

[Auditor Address]

Dear [Auditor]:

In April 1995, the Department of Health and Human Services, along with several other federal and state agencies, launched Operation Restore Trust (ORT). Abt Associates is under contract to the Health Care Financing Administration (HCFA) to evaluate the ORT demonstration. In order to explore how ORT has affected the identification, development and outcomes of OAS audits, we are surveying auditors about pre-ORT audits (i.e., audits closed before April 1995) and ORT period audits (i.e., audits closed after April 1995).

To date, we have interviewed OAS auditors about ORT, but have not collected systematic qualitative information about a sample of specific audits. The enclosed survey is designed for that purpose. We would like you to complete this survey in order to help us answer key questions about some of the major accomplishments of ORT such as: Are audits differently targeted under ORT? Are particular resources especially helpful? Has ORT changed the timing and level of collaboration among key participants? With your help, we will be able to determine whether the answers to these questions differ among pre- and ORT period audits.

Enclosed please find the *Survey of a Sample of OAS Audits: Interview Questions*. We ask that you complete the questionnaire within the next week. Please return it directly to us using the enclosed pre-addressed, postage-paid envelope. If you have any questions, please feel free to contact Selene Angier, Survey Coordinator, at (800) 265-9591 or via Internet E-mail: selene_angier@abtassoc.com

We appreciate your time and effort in filling out this very important survey.

Sincerely,

Robert F. Coulam, Ph.D.
Project Director
Abt Associates

cc: John Hapchuk, OAS

55 Wheeler Street ▪ Cambridge, Massachusetts USA ▪ 02138-1168 ▪ 617 492-7100 *telephone* ▪ 617 492-5219 *facsimile*

## Notes to Survey Hypothetical
## Q 16. - Survey of Audits

In order to prevent confusion, we designed two instruments— a pre-ORT version and a post-ORT version — for the Survey of Audits.

The following version of the Survey of Audits is designed for pre-ORT audits (i.e., audits that closed before ORT began on April 1, 1995). In the post-ORT version, the Hypothetical question is worded as follows:

> *This audit was open at least some time after ORT began on April 1, 1995. How would this audit have been different if it had been completed before ORT?*

## SURVEY OF A SAMPLE OF OAS AUDITS: INTERVIEW QUESTIONS

*Abt Associates is under contract with the Health Care Financing Administration (HCFA) to carry out the* Evaluation of Operation Restore Trust. *As part of our evaluation, we are surveying OAS auditors in order to better understand the initiation, development, and outcomes of pre- and post-ORT audits. Please be aware that any information obtained through this survey is confidential. Your identity will not be made known to anyone outside of Abt Associates, in any published reports or in any other form. Your completed questionnaires are to be sent directly to Abt Associates. In addition to answering the questions posed below, please verify and, if necessary, correct the following information:*

Audit ID#:
Audit Description:
State/Region:
Subject Type:
Year Audit Opened:
Period:
Status as of 8/96:
Audit Manager:

---

Your role in the audit: ______________________________

Audit Purpose:

1. What was the *primary* purpose of the audit? *[Check one only.]*
   - ☐ Identify or target aberrant providers for audit and/or OI referral
   - ☐ Identify questionable charges from specific provider(s) for recoupment/other followup actions
   - ☐ Assist an active investigation
   - ☐ Appraise policies, practices and vulnerabilities of the Medicare program
   - ☐ Other— Explain: ______________________________

Audit target or subject:

2. What prompted the audit? How were the subject(s) of the audit identified? *[Check one only.]*
   - ☐ Self-initiated by OAS— Explain: ______________________________
   - ☐ Referral from OAS in another region
   - ☐ Referral from HCFA
   - ☐ Referral from HCFA contractor
   - ☐ Referral from MFCU or other state agency
   - ☐ Request from OI
   - ☐ I don't know
   - ☐ Other— Explain: ______________________________

3. Were any special analyses, data runs, or other efforts undertaken to identify the subject(s) of the audit? If so, what were those special efforts and who performed them?

   ☐ No ☐ Yes- Specify: ______________________________

4. By comparison to audits before ORT (i.e., before April 1, 1995), was the initiation of this audit unusual or atypical in any of the following ways?*[Check all that apply.]*

☐ No Yes- Explain:
- ☐ Number of targeted providers? ______________________
- ☐ Location of targeted providers? ______________________
- ☐ Complexity of suspected scheme, abuse or infraction? ________ ______________________________________
- ☐ Complexity of audit? ______________________
- ☐ Other ______________________________

☐ Not applicable, this was a pre-ORT audit

5. Was there anything else unusual about this audit?

☐ No ☐ Yes- Specify: ______________________________
______________________________________
______________________________________

Collaboration:

6. With respect to the *identification* of the audit subject(s), did you have any notable collaboration with: *[Check all that apply.]*

Federal Government
- ☐ OI?
- ☐ OEI?
- ☐ OEC?
- ☐ OLC?
- ☐ HCFA?
- ☐ AoA?
- ☐ FBI?
- ☐ OAS in another region?
- ☐ U.S. Attorney's office?
- ☐ Medicare contractors?
- ☐ Peer review organization?
- ☐ Other federal contractor or agency? Specify: ______________________

State Government
- ☐ Long-term care ombudsmen?
- ☐ Medicaid agency?
- ☐ MFCUs?
- ☐ State survey or certification staff?
- ☐ Prosecutors?
- ☐ Other state contractor or agency? Specify: ______________________

☐ Qui tam?
☐ Hot Line?
☐ Other? Specify: ______________________________
☐ No notable collaboration with respect to identifying the subject(s)

Briefly describe the nature of the collaboration, if any:

______________________________________________
______________________________________________

7. With respect to the *development* of the audit itself, did you have any notable collaboration with: *[Check all that apply.]*

Federal Government
- ☐ OI?
- ☐ OEI?
- ☐ OEC?
- ☐ OLC?
- ☐ HCFA?
- ☐ AoA?
- ☐ FBI?
- ☐ OAS in another region?
- ☐ U.S. Attorney's office?
- ☐ Medicare contractors?
- ☐ Peer review organization?
- ☐ Other federal contractor or agency? Specify:____________________________

State Government
- ☐ Long-term care ombudsmen?
- ☐ Medicaid agency?
- ☐ MFCUs?
- ☐ State survey or certification staff?
- ☐ Prosecutors?
- ☐ Other state contractor or agency? Specify: ____________________________

☐ Other? Specify:________________________________________________
☐ No notable collaboration with respect to audit development

Briefly describe the nature of the collaboration, if any:

________________________________________________________________

________________________________________________________________

Resources:

8. Relative to the typical OAS audit, did audit development require an unusual amount of: *[Check all that apply.]*
   - ☐ Staff time?
   - ☐ Travel?
   - ☐ Computer resources?
   - ☐ Medical review?
   - ☐ Communication costs?
   - ☐ Legal resources?
   - ☐ Other? ______________________________________________
   - ☐ None of the above

9. Was audit development limited by the shortage of any particular type of resource?

   ☐ No ☐ Yes- Specify: ______________________________________

   ______________________________________

10. Approximately how much overnight travel did this audit require?

    ☐ None ☐ Some (e.g., less than 20 days) ☐ A lot (e.g., 20 days or more)

Methods:

11. Relative to the typical OAS audit conducted *before* ORT (i.e., before April 1, 1995), was there anything unusual about how this audit was conducted? *[Check all that apply.]*

☐ No, nothing unusual    Yes-Explain:
- ☐ Notably sophisticated technique?__________
- ☐ Unusual audit approach?__________
- ☐ Other- Specify: __________

☐ Not applicable, this was a pre-ORT audit

Results (Insofar as you know them):

12a. For *completed* audits:    Has a final audit report been issued?
☐ Yes    ☐ No

12b. For audits currently *pending*:    Do you expect a final report to be issued?
☐ Yes    ☐ No

13. With respect to this audit, have any of the following outcomes occurred? *[Check all that apply.]*
- ☐ Referral to OI
- ☐ Referral to FBI
- ☐ Referral to OEC
- ☐ Referral to OLC
- ☐ Formal criminal charges
- ☐ Formal civil charges
- ☐ Exclusion
- ☐ Recoupment
- ☐ Identification of other providers to be audited
- ☐ Other— Specify: __________
- ☐ None of these outcomes has occurred
- ☐ Don't know

14. Did *you* take any of the followup actions listed below as a result of the audit? *[Check all that apply.]*
- ☐ Commenced audits of similar provider(s)
- ☐ Submitted written recommendations for policy changes (e.g., changes in federal statutes or regulations) Specify __________
- ☐ Met with an agency outside OIG. Which agenc(ies)? __________
- ☐ Met with a Medicare contractor or made written recommendation to change some aspect of contractor operations
- ☐ Other __________
- ☐ No followup actions taken

15. Did the audit result in the identification of potential questioned costs? If so, approximately how much in questioned costs were identified?

☐ No    ☐ Yes (approximate amount): $ __________
☐ Too soon to say

Hypothetical:

16. For the purposes of this survey, this audit is considered a pre-ORT audit. How would this audit have been different under ORT?

Overall Opinions on ORT:

Senior OIG managers are particularly interested in your views on how ORT has generally affected your work. For that purpose, the questions below look beyond this one audit and ask you to compare the ORT and pre-ORT periods generally. (If you are completing surveys for more than one audit and have already answered these questions on another survey regarding a different audit, you do not have to repeat your answers here. But please be sure to answer the questions at least once.)

17. What in ORT has worked well?

18. What in ORT has *not* worked well?

19. If you were addressing a group of your colleagues from *non-ORT* regions, what single part of ORT would you urge them:

    a. To adopt?

    b. Not to adopt?

CMS LIBRARY
3 8095 00017351 4

v.2